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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Affluent Partners Holdings Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**AFFLUENT PARTNERS HOLDINGS LIMITED****錢唐控股有限公司****(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 1466)**

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF THE PROPERTY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A letter from the Board is set out on pages EGM-1 to EGM-2 of this circular. A notice convening the EGM to be held at Campfire, 8/F Remex Centre, 42 Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong at 10:30 a.m. on Thursday, 16 January 2020 is set out on pages EGM-1 to EGM-2 of this circular. 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 the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM (i.e. at or before 10:30 a.m. on Tuesday, 14 January 2020 (Hong Kong time)) 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 should you so wish.

31 December 2019

* for identification purpose only

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 27 September 2019
“Agent A”	an independent real estate property agent in Hong Kong, and one of the parties to the Provisional Agreement dated 5 December 2019
“Agent B”	an independent real estate property agent in Hong Kong, through which the Potential Purchasers made offers to the Vendor for the purchase of the Property on 5 November 2019, 4 December 2019 and 5 December 2019 respectively
“Board”	the board of Director(s)
“BVI”	the British Virgin Islands
“Company”	Affluent Partners Holdings Limited (stock code: 1466), a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the consideration of HK\$53,000,000 for the sale and purchase of the Property
“Convertible Loan Notes”	the convertible loan notes in the principal amount of GBP3,500,000, being part of the Group’s investment portfolio in the United Kingdom
“Director(s)”	the director(s) of the Company from time to time
“Disposal”	the sale of the Property as contemplated under the Formal Agreement
“EGM”	the extraordinary general meeting to be convened and held for the purposes of considering and if thought fit, approving the Disposal

DEFINITIONS

“Facility”	the revolving loan facility of the principal amount of up to HK\$60,000,000 pursuant to the Unsecured Loan Agreement entered into between the Company and the Unsecured Creditor dated 28 March 2019
“Financial Advisory Company”	an independent financial advisory company incorporated in Singapore engaged by the Company
“Formal Agreement”	the formal agreement entered into between the Vendor and the Purchaser on 16 December 2019 in relation to the Disposal
“Further Deposit”	the deposit in the amount of HK\$2,650,000 paid by the Purchaser upon signing of the Formal Agreement
“Gain Global”	Gain Global Inc., a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company, one of the guarantors to the Loans pursuant to Loan Agreement A and Loan Agreement B
“GBP”	Pound Sterling, the lawful currency of the United Kingdom
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot and issue up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Deposit”	the deposit in the amount of HK\$2,650,000 paid by the Purchaser upon signing of the Provisional Agreement
“Interim Results Announcement”	the interim results announcement of the Company for the six months ended 30 September 2019 dated 29 November 2019
“Latest Practicable Date”	30 December 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the inclusion in this circular

DEFINITIONS

“Lender A”	Epaka Finance Limited, a company incorporated in Hong Kong with limited liability, and a licensed money lender in Hong Kong pursuant to the MLO with license number of 1970/2018
“Lender B”	Great View Finance Limited, a company incorporated in Hong Kong with limited liability, and a licensed money lender in Hong Kong pursuant to the MLO with license number of 1434/2019
“Lenders”	collectively, Lender A and Lender B
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement A”	the loan agreement entered into among Lender A, the Vendor in the capacity of both borrower and mortgagor, the Company and Gain Global as the guarantors on 5 October 2018, in respect of Loan A in the principal amount of HK\$46,500,000, with the interest rate being 11.25% per annum and the tenor of Loan A being 12 months
“Loan Agreement B”	the loan agreement entered into among Lender B, the Vendor in the capacity of both borrower and mortgagor, the Company and Gain Global as the guarantors on 11 March 2019, in respect of Loan B in the principal amount of HK\$6,000,000, with the interest rate being 18% per annum and the tenor of Loan B being 12 months
“Loan Agreements”	collectively, Loan Agreement A, Loan Agreement B and the Unsecured Loan Agreement
“Loan A”	the loan in the principal amount of HK\$46,500,000 drawn down pursuant to the terms and conditions of Loan Agreement A
“Loan B”	the loan in the principal amount of HK\$6,000,000 drawn down pursuant to the terms and conditions of Loan Agreement B
“Loans”	collectively, Loan A and Loan B
“Main Board”	the main board maintained and operated by the Stock Exchange

DEFINITIONS

“MLO”	the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Mortgages”	collectively, the first mortgage made in relation to the Property in favour of Lender A pursuant to Loan Agreement A as security for the repayment of Loan A, and the second mortgage made in relation to the Property in favour of Lender B pursuant to Loan Agreement B as security for the repayment of Loan B
“POA”	the irrevocable power of attorney executed by the Vendor
“Potential Purchaser(s)”	the potential purchaser(s) who made offer(s) through Agent B to acquire the Property on 5 November 2019, 4 December 2019 and 5 December 2019 respectively
“Profit Warning Announcement”	the profit warning announcement of the Company dated 26 November 2019
“Property”	the property located at the 12th Floor, Henan Building, Nos. 90 & 92 Jaffe Road and Nos. 15-19 Luard Road, Hong Kong
“Provisional Agreement”	the provisional agreement for sale and purchase dated 5 December 2019 entered into between the Vendor, the Purchaser and the Agent in relation to the Disposal after trading hours
“Purchaser”	Charm Creative Limited, a company incorporated in Hong Kong with limited liability which is principally engaged in the business of property investment
“Redemption Amount”	a sum of approximately HK\$35,000,000 upon the completion of early redemption of the Convertible Loan Notes
“Share(s)”	the ordinary share(s) of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“SP”	the surrender of possession executed by the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Unsecured Creditor”	Good Cheer Global Limited, a company incorporated in Hong Kong with limited liability, and a licensed money lender in Hong Kong pursuant to the MLO with license number of 1512/2019
“Unsecured Loan Agreement”	the unsecured loan agreement dated 28 March 2019 entered into between the Company as the borrower and the Unsecured Creditor as the lender in respect of the Facility
“USD”	United States Dollars, the lawful currency of United States of America
“Vendor”	Summit Pacific Group Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company, principally engaged in the business of property holding
“%”	per cent.

LETTER FROM THE BOARD



AFFLUENT PARTNERS HOLDINGS LIMITED

錢唐控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1466)

Executive Directors

Mr. Cheng Chi Kin (*Chairman*)

Mr. Leung Alex

Mr. Cheung Sze Ming

Independent non-executive Directors

Mr. Lai Yat Yuen

Mr. Lee Kin Keung

Mr. Leung Ka Kui, Johnny

Registered Office

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Cayman Islands

*Head office and principal place of
business in Hong Kong*

Office A, 6/F,

Valiant Commercial Building,

22-24 Prat Avenue,

Tsim Sha Tsui, Kowloon,

Hong Kong

31 December 2019

To the Shareholders

Dear Sir/Madam

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF THE PROPERTY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 5 December 2019 in relation to, amongst other things, the entering into of the Provisional Agreement among the Vendor, the Purchaser and the Agent in relation to the Disposal.

* for identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, amongst other things, further details in relation to the Disposal and other information in compliance with the requirements of the Listing Rules.

2. THE DISPOSAL

The Board announced that on 5 December 2019 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and the Agent entered into the Provisional Agreement, pursuant to which the Vendor will sell and the Purchaser will acquire the Property at the Consideration of HK\$53,000,000, subject to the terms and conditions contained in the Provisional Agreement.

Under the Provisional Agreement, it was further agreed to enter into the Formal Agreement on or before 18 December 2019. After arm's length negotiations, the Vendor and the Purchaser entered into the Formal Agreement on 16 December 2019 pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Property subject to the terms and conditions contained therein. The Formal Agreement, which sets out the terms of the Disposal in more detail, supersedes the Provisional Agreement.

The Disposal and the transactions contemplated under the Provisional Agreement and the Formal Agreement constitute a major transaction for the Company pursuant to the Listing Rules.

(i) The Provisional Agreement

Date	: 5 December 2019 (after trading hours)
Parties	: (a) the Vendor: Summit Pacific Group Limited; (b) the Purchaser: Charm Creative Limited; and (c) the Agent.
Subject matter – Asset to be disposed of	: Pursuant to the terms and conditions of the Provisional Agreement, the Vendor will sell and the Purchaser will acquire the Property at the Consideration of HK\$53,000,000. The Property is located at the 12th Floor, Henan Building, Nos. 90 & 92 Jaffe Road and Nos. 15-19 Luard Road, Hong Kong.
Consideration	: HK\$53,000,000

LETTER FROM THE BOARD

Terms of payment : The Consideration will be payable as follows:

- (a) the Initial Deposit of HK\$2,650,000 was paid by the Purchaser upon signing of the Provisional Agreement;
- (b) the Further Deposit of HK\$2,650,000 will be paid by the Purchaser upon the execution of the Formal Agreement, which is expected to be on or before 18 December 2019; and
- (c) the balance payment of the Consideration of HK\$47,700,000 will be paid by the Purchaser on Completion, which is expected to be on or before 16 January 2020.

Formal Agreement : The Formal Agreement is expected to be entered into between the Vendor and the Purchaser on or before 18 December 2019.

Completion : Completion is expected to take place on or before 16 January 2020.

(ii) The Formal Agreement

Date : 16 December 2019

Parties : (a) the Vendor: Summit Pacific Group Limited; and
(b) the Purchaser: Charm Creative Limited.

Subject matter – Asset to be disposed of : Pursuant to the terms and conditions of the Formal Agreement, the Vendor will sell and the Purchaser will acquire the Property at the Consideration of HK\$53,000,000.

The Property is located at the 12th Floor, Henan Building, Nos. 90 & 92 Jaffe Road and Nos. 15-19 Luard Road, Hong Kong.

Consideration : HK\$53,000,000.00

Terms of payment : The Consideration will be payable as follows:

LETTER FROM THE BOARD

- (a) the Initial Deposit of HK\$2,650,000 was paid by the Purchaser upon signing of the Provisional Agreement;
- (b) the Further Deposit of HK\$2,650,000 was paid by the Purchaser upon the execution of the Formal Agreement on 16 December 2019;
- (c) the balance payment of the Consideration of HK\$47,700,000 will be paid by the Purchaser on Completion, which is expected to be on or before 16 January 2020.

Completion : Completion is expected to take place on or before 16 January 2020 between the hours of 9:30 a.m. to 5:00 p.m..

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to quotations regarding the market price of the Property obtained from third party agents and the prevailing market price of properties at nearby locations.

The Property had been used as the principal place of business of the Company and the headquarters of the Group in Hong Kong until 18 December 2019, with effect from 19 December 2019, the principal place of business of the Company and the headquarters of the Group in Hong Kong has changed to Office A, 6/F, Valiant Commercial Building 22-24 Part Avenue, Tsim Sha Tsui, Kowloon, Hong Kong.

As at the Latest Practicable Date, the Vendor has received HK\$2,650,000 as the Initial Deposit and HK\$2,650,000 as the Further Deposit from the Purchaser respectively. Since the Completion is subject to the Shareholders' approval at the EGM, if the Completion cannot take place owing to, amongst other things, an ordinary resolution in respect of the Disposal not being passed by the Shareholders at the EGM, according to the terms of the Formal Agreement, the Vendor shall forthwith refund the Initial Deposit and the Further Deposit received to the Purchaser. Furthermore, the Purchaser shall also be entitled to recover from the Vendor such damages (if any) which the Purchaser may sustain by the reason that it is on the part of the Vendor that the Completion fails to take place.

LETTER FROM THE BOARD

If it is owing to the Purchaser that the Completion cannot take place, or the Purchaser fails to pay the balance payment of the Consideration of HK\$47,700,000 on or before the date of the Completion, the Vendor may forthwith terminate the Formal Agreement by giving notice in writing to the Purchaser and the Vendor shall thereupon be entitled to re-enter and repossess the Property. Furthermore, the Vendor shall be entitled to forfeit the Initial Deposit and the Further Deposit paid to the Vendor as liquidated damages.

Save as disclosed above, the Vendor is not required under the Formal Agreement to pay any further interest, penalty and/or compensation to the Purchaser if the Completion fails to take place.

3. INFORMATION OF THE GROUP

The Group is principally engaged in purchasing, processing, designing, production and wholesale distribution of pearls and jewellery products and operation of strategic investment and financial services, with the objective to include investments in real estate agency business and real estate investment funds and other potential investment opportunities. The Vendor is principally engaged in property holding.

4. INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in Hong Kong with limited liability which is principally engaged in the business of property investment.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, the entire issued share capital of the Purchaser is legally and beneficially owned by Source King Investment Development Limited, a company incorporated in the BVI with limited liability.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

5. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group acquired the Property in October 2018, which was subsequently utilized as the headquarters of the Group and principal place of business of the Company in Hong Kong in April 2019.

The Loan Agreements entered into by the Group

On 5 October 2018, Loan Agreement A was entered into among Lender A, the Vendor in the capacity of both borrower and mortgagor, the Company and Gain Global as the guarantors, in respect of Loan A in the principal amount of HK\$46,500,000, with the interest rate being 11.25% per annum and the tenor of Loan A being 12 months. The

LETTER FROM THE BOARD

Property was mortgaged in favour of Lender A as a security for the repayment of Loan A as first mortgage, which was drawn down for the purpose of acquisition of the Property by the Vendor in October 2018.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, the entire issued share capital of Lender A is legally and beneficially owned by Conrad Oriental Holdings Limited, a company incorporated in the BVI with limited liability.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Lender A and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

On 11 March 2019, Loan Agreement B was entered into among Lender B, the Vendor in the capacity of both borrower and mortgagor, the Company and Gain Global as the guarantors, in respect of Loan B in the principal amount of HK\$6,000,000, with the interest rate being 18% per annum and the tenor of Loan B being 12 months. The Property was mortgaged in favour of Lender B as a security for the repayment of Loan B as second mortgage. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Lender A noted that the execution of Loan Agreement B was associated with the mortgaging of the Property as second mortgage and provided its consent to such re-mortgaging of the Property as a security for repayment of Loan B.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, the entire issued share capital of Lender B is 10,000,000 shares, which are legally and beneficially owned as to 1,600,000 shares by Mr. MA Kiu Sang (馬僑生); 3,200,000 shares by Mr. MA Ah Muk (馬亞木); 1,600,000 shares by Mr. CHAU Kwok Ming (周國明); 800,000 shares by Mr. NGAI Pui Yeung (魏培揚); 800,000 shares by Mr. NGAI Pui Ho (魏培豪); and 2,000,000 shares by Mr. LAU Shek Hay Percy (劉錫熙).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Lender B and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

On 28 March 2019, the Unsecured Loan Agreement was entered into between the Company as the borrower and the Unsecured Creditor as the lender in respect of the Facility in the principal amount of up to HK\$60,000,000, among which, as at the Latest Practicable Date, HK\$24,000,000 has been drawn down by the Company. The Facility has an interest rate of 15% per annum and the tenor of which is 12 months.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Unsecured Creditor is an indirect wholly owned subsidiary of China Healthwise Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange under the stock code of 348.

As at the Latest Practicable Date, one of the directors of the Unsecured Creditor is Mr. LEUNG Alex, who is an executive Director of the Company. Save for the above, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Unsecured Creditor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Non-repayment of the Loans

The Vendor has failed to repay the scheduled monthly interest instalments under Loan A and Loan B since 5 August 2019 and 20 August 2019 respectively. However, with respect to the non-repayment of the above scheduled monthly interest instalments under the Loans, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the Latest Practicable Date, none of Lender A and Lender B had enforced their respective Loans against the Vendor.

On 5 October 2019, being the date on which the outstanding principal amount of Loan A of HK\$46,500,000 became due, the Group did not have sufficient cash on hand to repay Loan A, as the Group had certain investments, including, among others, the Convertible Loan Notes and investments in an unlisted property fund in the United Kingdom, which could not be liquidated in a timely manner. As at the Latest Practicable Date, the Company has been seeking the early redemption of the Convertible Loan Notes, which, after the completion of such redemption, shall redeem the Redemption Amount in the sum of approximately HK\$35,000,000, if materialised.

Prior to the outstanding principal amount of Loan A becoming due, the Group had attempted but was unable to secure bank financing with longer tenors and lower interest rates to repay Loan A. The Company also engaged the Financial Advisory Company since 18 June 2019 as an arranger for debt financing and to help in engaging potential lender for such debt financing. A draft term sheet in respect of a potential credit facility in the principal amount of up to USD37,600,000 has been provided for the Company's consideration in mid-September 2019. However, the Group and the lender had not yet reached an agreement on the terms of the potential credit facility when Loan A became due.

Each of the Mortgages and the Unsecured Loan Agreement contains a cross-default clause that deems default in repayment under any of the borrowings of the Company and/or its subsidiaries as an event of default, which would cause all monies under the Loans and the Facility to become forthwith due and payable. As a result, the Group has defaulted on the Loans and the Facility pursuant to the terms of the Loan Agreements.

LETTER FROM THE BOARD

In view of the aforementioned non-repayment of Loan A and the cross default among the Loans and the Facility, the following steps have been taken:

- (i) The Group initiated negotiations with Lender A to extend the repayment schedule under Loan Agreement A. While Lender A did not agree to provide extension for the repayment of Loan A, the Group and Lender A came to agreement that selling the Property would be more beneficial to Lender A as it would fully repay the entire outstanding amount under Loan A.

On 21 October 2019, the Group has executed two documents, the POA and the SP, in relation to the Property in favour of Lender A owing to the first mortgage executed pursuant to Loan Agreement A. The POA granted Lender A the power to sell the Property in an effort to assist the Vendor in the capacity as the borrower under Loan Agreement A, in complying to its obligations in repaying the entire outstanding amount of Loan A. The SP granted Lender A absolute discretion to sell the Property with the Vendor obliged to deliver up the vacant possession of the Property to Lender A.

At the time and date of the execution of the POA and the SP, it has been agreed by Lender A that the execution of such documents is of mere comforting purpose for Lender A in procuring the Vendor to sell the Property, of which the sale proceeds derived therefrom can be utilized to fully repay the entire outstanding amount under Loan A, and Lender A is not planning to effectuate the two documents aforementioned. Up to the Latest Practicable Date, both the POA and the SP have not been enforced by Lender A, and furthermore, the Company has been given the understanding that Lender A will not enforce it because Lender A agreed that selling the Property would be more beneficial to it as the sale proceeds therefrom would fully repay the entire outstanding amount under Loan A.

As a further benevolent gesture, from the date when the outstanding principal amount of Loan A became due, given the Vendor remained obliged to repayment of Loan A, Lender A has assisted the Vendor in seeking opportunities in relation to the sale of the Property with the proceeds to repay Loan A.

- (ii) The Company notified Lender B with respect to the aforementioned default, the POA and the SP. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Lender B acknowledged such default, the POA and the SP, and has not, up to the Latest Practicable Date, exercised its right to demand immediate repayment of Loan B under Loan Agreement B. The Group and Lender B came to agreement that selling the Property would be more beneficial to Lender B as the Group would repay the outstanding loan amount under Loan B with the sale proceeds. The Company also intends to repay the

LETTER FROM THE BOARD

principal loan amount under Loan B and the interest accrued thereon, after utilization of the sale proceeds derived from the sale of the Property, with its internal resources when it falls due.

- (iii) The Company notified the Unsecured Creditor with respect to the aforementioned default. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Unsecured Creditor acknowledged the above default. The Unsecured Creditor has not, up to the Latest Practicable Date, exercised its right to demand immediate repayment of the outstanding amount of the Facility under the Unsecured Loan Agreement. As at the Latest Practicable Date, the Company has had preliminary negotiations with the Unsecured Creditor in relation to a new secured loan to replace the existing Facility.
- (iv) Prior to the outstanding principal amount under Loan A becoming due, the Company had begun to search for additional financing and had received a draft term sheet in respect of a potential credit facility of USD37,600,000 arranged by the Financial Advisory Company in mid-September 2019. Subsequent to the outstanding principal amount of Loan A becoming due, the Company was still negotiating the terms of the aforesaid potential credit facility.
- (v) The Company actively sought out purchasers for the acquisition of the Property, and received three offers from three Potential Purchasers through Agent B on 5 November 2019 in the amount of HK\$53,800,000, 4 December 2019 in the amount of HK\$45,000,000, and 5 December 2019 in the amount of HK\$45,000,000, respectively, with regard to the sale of the Property.

With respect to the offer made by one of the Potential Purchasers on 5 November 2019 in the amount of HK\$53,800,000, Agent B advised the Vendor on 13 November 2019 that such Potential Purchaser wished to put on hold its offer to purchase due to the unstable social conditions at the material time. The Vendor was given such understanding that the negotiations on the quotation and terms of its offer may proceed later when the Potential Purchaser sees fit and, as at the Latest Practicable Date, the Vendor has not received any written withdrawal in respect of the offer from such Potential Purchaser. As at 5 December 2019, being the date when the Vendor entered into the Provisional Agreement with the Purchaser, no further updates have been received in respect of the offer from such Potential Purchaser.

LETTER FROM THE BOARD

While Lender A did not introduce any of the Potential Purchasers to the Vendor, Lender A introduced a number of independent estate agents, including Agent A, who in turn brought the Purchaser and the Vendor into negotiations on the sale of the Property. After the introduction of the above stated independent estate agents, Lender A no longer took part in the negotiations on the sale of the Property. The Purchaser and the Vendor engaged their respective legal representatives to negotiate on the conveyancing with respect to the sale of the Property, while the Purchaser and the Vendor only discussed the sale of the Property through Agent A. The Purchaser offered to acquire the Property at the Consideration of HK\$53,000,000, which was agreed by the Vendor.

In view of the above, and as stated in page 10 and 11 of this circular, under Section 4 and 5 of this letter from the Board titled “Information of the Purchaser” and “Reasons for and Benefits of the Disposal” respectively, it is to the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries that (i) Lender A, the Purchaser and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons; (ii) besides the remote contact between Lender A and the Purchaser, Lender A and the Purchaser do not know each other and have no further contact or correspondence with one another; and (iii) the Purchaser and Lender A have no side arrangement in any manner whatsoever.

- (vi) With prior notification to the Lenders and the Unsecured Creditor, the Vendor entered into the Provisional Agreement with the Purchaser on 5 December 2019, Lender A and Lender B have provided their prior written consent to the Disposal, and the Unsecured Creditor has also provided its consent to the Disposal.

For the avoidance of doubt, as at the Latest Practicable Date, and to the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Lenders and the Unsecured Creditor have not enforced the Loans and the Facility against the Group. Furthermore, given the Lenders’ agreement that the sale of the Property would be more beneficial with respect to the repayment of the Loans, the Lenders have not, as at the Latest Practicable Date, enforced the Mortgages.

LETTER FROM THE BOARD

Pursuant to the Formal Agreement, it is required that the Mortgages shall be released on the Completion and that the Completion shall take place by way of solicitors' undertakings as recommended by The Law Society of Hong Kong. Upon the Completion, the Purchaser will make the payment of the balance of Consideration and accept an undertaking from the Vendor's solicitors to send the discharge, release, re-assignment and/or other related documents of the Mortgages to the Purchaser's solicitors in accordance with the usual recommendations issued by the Law Society of Hong Kong. As disclosed in section 6 of this letter from the Board titled "Financial effect of the Disposal and the proposed use of proceeds", the net proceeds arising from the Disposal would be utilized to repay the entire outstanding amount under Loan A, and all of the interest accrued on the Loans upon Completion. A combination of the remaining net proceeds arising from the Disposal and the Group's internal resources would be applied to fully repay the entire principal amount of Loan B pursuant to Loan Agreement B, in view of the release of the Mortgages.

Other financing alternatives

The Directors confirmed that apart from the Disposal, the Directors have also considered other financing methods such as equity financing, debt financing, rights issue, open offer or internal cash resources to meet the financial requirements of the Group, if appropriate, after taking into consideration the then financial position, capital structure and cost of funding of the Group as well as the prevailing market condition.

However, other financing methods taken into consideration have the following disadvantages:

- (i) Debt financing, such as bank borrowings, may create interest burden to the Group, require pledge of assets and/or other kind of securities which may reduce the Group's flexibility in managing its portfolio. Moreover, debt financing may be subject to lengthy and time consuming due diligence and negotiations for more favourable terms for such borrowings;

LETTER FROM THE BOARD

- (ii) Rights issue or open offers must be carried out on a fully underwritten basis and by market practice, rights issues and open offers usually take around three months to complete. This may cause the Company to lose other potential opportunities, since a rights issue or an open offer may involve (i) identifying underwriter(s) under favourable terms; (ii) substantial time for extra administrative work for preparation and issue of related documents such as prospectus and application forms for acceptance of the rights issue or open offer and appointment of reporting accountants to report on unaudited pro forma financial information to be included in the prospectus; and incurring certain amount of fixed costs such as expenses in relation to engagement of professional advisers, printing charges in connection with documents such as prospectus and application forms, cost associated with registration and despatch of new Shares to a large number of Shareholders. As a result, rights issues or open offers may involve substantial time and costs to complete. Furthermore, although rights issue and open offer would be offered to the Shareholders on a pro rata entitlement basis, those qualifying Shareholders who choose not to take up their assured entitlements in full would have dilution to their shareholding interests in the Company; and
- (iii) In relation to equity financing, issuance of new Shares under the General Mandate would allow the Company to raise capital within specified number of Shares promptly and when necessary, granting greater flexibility in fulfilling the Group's funding needs. However, given the maximum number of new Shares to be issued and allotted under the General Mandate will be 369,989,929 new Shares, equity financing under the General Mandate may not be helpful due to (a) the prevailing market conditions and the recent stock value of the Company; (b) allotment and issuance of new Shares without substantial discount or even with premium may not be attractive to potential investors; and (c) allotment and issuance of new Shares under the General Mandate with substantial discount may not raise sufficient funds for the Group's current funding requirements. Furthermore, even though equity financing through issuance of new Shares under a specific mandate would allow the Company to raise additional funds, it is undesirable as it involves substantial time to complete such fundraising activity.

LETTER FROM THE BOARD

Having considered that (i) debt financing would create interest burden to the Group and adversely affect the financial position of the Group; (ii) rights issue and open offer will incur substantial costs in underwriting commission or placing commission and would be more time consuming; (iii) the equity financing by way of the General Mandate cannot help with the low stock value of the Company and the limitations to the number and the pricing of the new Shares and equity financing by way of a specific mandate would be more time consuming; and (iv) it is reasonable for the Company to maintain its flexibility in the selection of the best financing method for its future business development, the Directors are of the view that the Disposal is in the interest of the Company and the Shareholders as a whole.

Furthermore, the Disposal represents a good opportunity for the Group to realise the Property's value at a reasonable price. The proceeds from the Disposal will greatly improve the financial position of the Group, as the Group intends to utilise all of the net proceeds (being approximately HK\$51,700,000) for the repayment of the Loans, including the entire outstanding amount of Loan A comprising of the outstanding principal amount under Loan A and the interest accrued thereon from 5 August 2019 till the date of the Completion in the sum of approximately HK\$2,850,000; and the outstanding amount of interest monthly instalments accrued on Loan B from 20 August 2019 to the date of Completion in the sum of approximately HK\$550,000, thereby reducing the Group's liabilities and interest expenses. Although after the Completion, the Group will look for a new premises, a leased property occupied for the purpose of the Group's headquarters and the Company's principal place of business, the Board believes that even with the need to pay rents as a tenant, there will be a net reduction of expenses in the long run due to the reduction of interest expenses.

6. FINANCIAL EFFECT OF THE DISPOSAL AND THE PROPOSED USE OF PROCEEDS

Based on, *inter alia*, the Consideration, the unaudited carrying value of the Property as at 30 November 2019 of approximately HK\$68,600,000, and the related expenses for the Disposal, the Group currently expects to record a loss on disposal of approximately HK\$16,900,000 upon Completion.

Save as disclosed above, the Disposal will not have any material adverse impact on the earnings and assets and liabilities of the Group.

The Group intends to use the net proceeds arising from the Disposal, being approximately HK\$51,700,000 (after deducting other expenses in relation to the Disposal), for the full repayment of the entire outstanding amount under Loan A and all of the interest accrued on the Loans (as mentioned above) upon the Completion. The Company intends to apply a combination of the balance of the net proceeds of approximately HK\$1,800,000 and the Group's internal resources for the full repayment of the entire principal amount of Loan B pursuant to Loan Agreement B.

LETTER FROM THE BOARD

7. IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, none of the Shareholders or any of their respective associates have a material interest in the Disposal, thus no Shareholder is required to abstain from voting for the resolution if the Company were to convene the EGM to approve the Disposal.

8. THE EGM

Set out on pages EGM-1 to EGM-2 of this circular is a notice convening the EGM at which ordinary resolutions will be proposed and, if thought fit, passed to approve the Disposal by way of poll.

Any Shareholder with a material interest in the Disposal and his associates will abstain from voting on resolutions approving the Disposal. As at the Latest Practicable Date, to the best knowledge of the Directors having made reasonable enquiries, no Shareholders are required to abstain from voting. All Shareholders will be entitled to vote on the resolutions approving the Disposal at the EGM.

A form of proxy for use by the Shareholders at the EGM is enclosed. Shareholders are advised to read the notice and to complete the accompanying form of proxy for use at the EGM in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish.

9. RECOMMENDATION

The Directors are of the opinion that the terms of the Disposal pursuant to the Formal Agreement and the transactions contemplated thereunder are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Disposal.

LETTER FROM THE BOARD

10. OTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board
Affluent Partners Holdings Limited
Cheng Chi Kin
Chairman and Executive Director

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from CHFT Advisory and Appraisal Ltd., an independent valuer appointed by the Company, in connection with its valuation as at 12 December 2019 of the Property.



華坊諮詢評估有限公司
CHFT ADVISORY AND APPRAISAL LTD.

華坊諮詢評估有限公司
CHFT ADVISORY AND APPRAISAL LTD.
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電話 Main +852 2301 4080
傳真 Fax +852 2301 4988

Date of Report: 31 December 2019

The Board of Directors

Affluent Partners Holdings Limited

Office A, 6/F,
Valiant Commercial Building,
22-24 Prat Avenue,
Tsim Sha Tsui, Kowloon,
Hong Kong

Dear Sir/Madam,

**Re: Valuation of 12/F, Henan Building, 90 & 92 Jaffe Road/15 – 19 Luard Road,
Wanchai, Hong Kong (the “Property”)**

In accordance with an instruction from Affluent Partners Holdings Limited (the “Company”) to appraise the value of the Property, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of the market value of the Property as at 12 December 2019 (the “**Date of Valuation**”) for the purpose of incorporation in the circular of the Company dated 31 December 2019 only.

Valuation Basis and Considerations

Our valuation is carried out on a market value basis, which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This valuation complies with “The HKIS Valuation Standards (2017 Edition)” published by The Hong Kong Institute of Surveyors (“HKIS”), the “International Valuation Standards” published by the International Valuation Standards Council as well as the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the Property on the open market in its existing state without the benefit or burden of a deferred term contract, leaseback, joint venture, or any similar arrangement, which would serve to affect the value of the Property.

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from a recent provisional agreement for sale and purchase of the Property, other encumbrances, restrictions and outgoings of onerous nature which could affect its value.

Valuation Methodology

We have applied direct comparison method of valuation whereby comparisons based on transactions of comparable properties have been made. Comparable properties with similar character, location, building age and so on are analysed and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at the fair comparison of value.

Direct comparison method is considered the best method of valuation if relevant comparable properties are available. This method rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Source of Information and Title Investigation

We have caused a search at the Land Registry. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only.

We have relied to a considerable extent on information given by the Company, in particular, but not limited to statutory notices, easements, gross floor area, occupancy, etc.. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries.

Site inspection of the Property was carried on 12 December 2019 by Mr. Alex Leung, who has over 20 years' property valuation experience in Hong Kong. We have inspected the exterior, and certain interior as well as common parts of the Property. We have not inspected those parts of the Property which are covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the floor areas. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey or any tests on the building services. Therefore, we are not able to report whether the Property is free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions, the services, etc. for redevelopment. We have not carried out any investigation into past or present uses, either of the Property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the Property from these uses or sites, and have therefore assumed that none exists.

Limitation of Liabilities

We have had no reason to doubt the truthfulness and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

The responsible valuer is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation assignment. Our findings and conclusion of value of the Property in this report are valid only for the stated purpose and at the Date of Valuation, and for the sole use of the Company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

Our liability for loss or damage shall be limited to such sum as we ought reasonably to pay having regard to our responsibility for the same on the basis that all other consultants and specialists, where appointed, shall be deemed to have provided to the Company contractual undertakings in respect of their services and shall be deemed to have paid to the Company such contribution as may be appropriate having regard to the extent of their responsibility for such loss or damage.

Our liability for any loss or damage arising out of the action or proceedings aforesaid shall, notwithstanding the preceding provisions, in any event be limited to ten times of our agreed fee or HK\$500,000, whichever is the lower. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, loss of profits,

opportunity cost, etc.), even if it has been advised of their possible existence. For the avoidance of doubt our liability shall never exceed the lower of the sum calculated in accordance with the preceding provisions and the sum provided for in this clause.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our engagement except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence, misconduct, willful default or fraud of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

We have valued the Property in Hong Kong Dollars (HK\$) and enclose herewith the valuation report.

Yours faithfully,

For and on behalf of

CHFT Advisory And Appraisal Ltd.

Alex PW Leung MHKIS

Senior Director

Note: Mr. Alex PW Leung is a member of the Hong Kong Institute of Surveyors. He has over 20 years' post-qualified property valuation experience in Hong Kong.

VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value as at the Date of Valuation
12/F, Henan Building, 90 & 92 Jaffe Road/ 15-19 Luard Road, Wanchai, Hong Kong	The property comprises a mid- floor in a 24- storey (plus a basement car park) composite office/commercial building completed in 1985. Quoted gross area of the property is about 3,592 sqft (or 333.71 sqm). The saleable area of the Property as measured from the approved building plan is about 2,507 sqft (or 232.89 sqm) including lavatories but excluding lift lobby of the subject floor.	As at the Date of Valuation, the Property was occupied by the Company.	HK\$51,500,000 (HONG KONG DOLLARS FIFTY- ONE MILLION FIVE HUNDRED THOUSAND)
32/820 undivided shares of and in the Remaining Portion of Sub-Section 1 of Section E, the Remaining Portions of Sections E, H and J, and whole of Section I, all of Inland Lot No. 2817	The property is held under Government Lease for a term of 99 years commencing on 26 March 1929 renewable for another 99 years. The current annual rent payable to the government is nominal.		

Notes:

- a) The registered owner of the property is Summit Pacific Group Limited via an assignment registered vide Memorial No. 16031000760029 dated 18 February 2016.
- b) As per a recent land search, the Property is subject to the following encumbrances:
 - i) Deed of Mutual Covenant and Management Agreement registered vide Memorial No. UB5453340 dated 8 August 1992;
 - ii) Mortgage for all sums of money in favour of Epaka Finance Limited registered vide Memorial No. 18100900630187 dated 5 October 2018; and
 - iii) Second Mortgage for all sums of money in favour of Great View Finance Limited registered vide Memorial No. 19040300190019 dated 20 March 2019.
- c) The subject building lies within an area zoned as “Commercial” under Draft Wan Chai Outline Zoning Plan No. S/K5/28.

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group (i) for the six months ended 30 September 2019 can be found in the interim results announcement of the Company for the six months ended 30 September 2019; (ii) for each of the three years ended 31 March 2017, 2018 and 2019 can be found in the annual reports of the Company for the years ended 31 March 2017, 2018 and 2019 respectively. The auditor of the Company has not issued any qualified opinion on the Group's consolidated financial statements for the three financial years ended 31 March 2017, 2018 and 2019.

The annual reports of the Company for the three financial years ended 31 March 2017, 2018 and 2019 have been published on both the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.affluent-partners.com>), respectively. The interim results announcement of the Company for the six months ended 30 September 2019 are published on the website of the Stock Exchange (<http://www.hkexnews.hk>).

Quick links

- (i) for the year ended 31 March 2017 (pages 60 to 228),

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0907/ltn20170907891.pdf>)
- (ii) for the year ended 31 March 2018 (pages 51 to 180),

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0727/ltn20180727672.pdf>)
- (iii) for the year ended 31 March 2019 (pages 54 to 140),

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0729/ltn20190729355.pdf>)
- (iv) interim results announcement of the Company for the six months ended 30 September 2019

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1129/2019112901104.pdf>)

2. INDEBTEDNESS STATEMENT**Borrowings**

As at the close of business on 30 November 2019, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$77,331,000, comprising: (i) secured outstanding borrowings of HK\$52,500,000 which are secured by the Property and jointly guaranteed by the Company and Gain Global; (ii) unsecured outstanding borrowings of HK\$24,000,000 and (iii) unsecured lease liabilities of approximately HK\$831,000.

Commitments

As at 30 November 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had commitments, which are contracted but not provided for and subject to fulfilment of condition precedents, to contribute the remaining capital to the unlisted property fund of HK\$34,200,000.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as at the close of business on 30 November 2019, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, term loans, debt securities, other similar indebtedness, hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the internal resources, the estimated net proceeds from the Disposal, the present available facilities and in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in (i) the purchasing, processing, designing, production and wholesale distribution of pearls and jewellery products and (ii) the operation of strategic investment and financial services segment, with the objective to include investments in real estate agency business and real estate investment funds and other potential investment opportunities.

During the year ended 31 March 2019, the loss attributable to equity holders of the Company was approximately HK\$42.8 million representing a substantial decrease of 37% as compared with that of 2018.

The global market sentiment for pearl and fine jewellery continued to be weak during the year which had an adverse impact on demand of the Group's pearl and jewellery products. There was also a weakening consumption sentiment which reduced the total Group's sales contribution in pearl and jewellery products.

In the wake of rapid transformation in previous years, the Group maintained the real estate investment business through its strategic investment and financial services segment. This segment has been in operation and its objectives include investments in real estate agency business and real estate investment funds as well as other potential investment opportunities.

Looking forward, with the completion of the investments in the loan notes, its subsequent real estate agency business, the investment in the real estate investment fund and the co-working space industry, the Group expects that its strategic investment and financial services segment will diversify the Group's income streams and generate more investment returns on the available funds of the Company from time to time. In view of the recent market downturns and the uncertainty in Brexit, the Group may consider to minimise its investments in the United Kingdom. In light of recent social incidents, the Group expects market sentiment may take some time to recover. We foresee that the co-working space industry and lettings in Hong Kong will become very tough in the near future. The Group expects that the segment will be one of the growth drivers of the Group in the future and the Group will make continuous efforts to find appropriate investment projects in other areas.

Meanwhile, the Group will continue enhancing the development of the mature pearls and jewellery business, actively participating in various important jewellery & gem fairs around the world and optimising operation efficiency and productivity in a bid to stay competitive.

With the collaboration agreement entered into with Equitativa Real Estate Limited and the development of the existing strategic investment and financial services segment, the Group will focus its investments and operations more in the real estate and investment and asset management sectors especially in Europe and Asia. The Group will further use its resources as a listed company to add value for the acquisition projects, so as to increase its profitability and return.

5. MATERIAL ADVERSE CHANGE

Reference is made to the Profit Warning Announcement and Interim Results Announcement for the six months ended 30 September 2019. The Profit Warning Announcement stated that the Group expected to record a significant increase in loss attributable to equity holders of the Company by more than 85% for the six months ended 30 September 2019 as compared to the loss of approximately HK\$14.8 million attributable to equity holders of the Company for the six months ended 30 September 2018, which was mainly attributable to (i) the losses on the share of results of associates; (ii) the equity-settled share-based payment expenses; and (iii) the finance costs. As disclosed in the Interim Results Announcement, the loss attributable to equity holders of the Company increased by more than 86% to approximately HK\$27.6 million for the six months ended 30 September 2019 mainly due to the decrease in revenue, the share-based payment expenses, the increase in finance costs and the loss in the share of results of associates. Save as disclosed above, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 March 2019, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Directors and chief executive

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

Name of Director	Capacity/Nature of interest	Number of Shares (Note 2)	Approximate percentage of the issued share capital
Mr. Leung Alex	Beneficial owner	2,000,000	0.11%
Mr. Cheung Sze Ming	Beneficial owner	16,968,000	0.92%
Mr. Lai Yat Yuen	Beneficial owner	1,696,000	0.09%
Mr. Lee Kin Keung	Beneficial owner	1,696,000	0.09%

Notes:

1. All underlying Shares are share options granted by the Company under the Share Option Scheme granted on 29 October 2018 at the exercise price of HK\$1.34 per Share.
2. The letter "L" denotes the long position in the Shares.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any 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) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (not being Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares (Note 2)	Approximate percentage of the issued share capital
Pacific Wish Limited (note 1)	Beneficial owner	840,886,910	45.45%

Notes:

- The 840,886,910 Shares are beneficially owned by Pacific Wish Limited, a company incorporated in Hong Kong with limited liability, and each of Mr. Chan Vincent Wing Sing and Ms. Hui Ka Man Emily legally and beneficially owned 50% of the entire issued share capital of Pacific Wish Limited. Mr. Chan Vincent Wing Sing and Ms. Hui Ka Man Emily are deemed to be interested in all the Shares held by Pacific Wish Limited by virtue of Part XV of the SFO.
- The letter “L” denotes the long position in the Shares.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no other person (other than the Directors and chief executives of the Company) had an interest or short position in the Shares and/or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates, was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACT OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been since 20 June 2019, being the date to which the latest published audited financial statements of the Group were made up, 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.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the date thereof and which was significant in relation to the business of the Group as at the Latest Practicable Date.

5. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had any existing or was proposing to enter into any service contracts with the Company or any member of the Group (excluding contracts expiring or being terminated by the Group within one year without payment of any compensation (other than statutory compensation)).

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

7. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of the expert who have given opinion or, advice contained in this circular:

Name	Qualifications
CHFT Advisory and Appraisal Ltd.	Independent valuer

- (i) CHFT Advisory and Appraisal Ltd. has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which it appears.
- (ii) As at the Latest Practicable Date, CHFT Advisory and Appraisal Ltd. does not have any shareholding, directly or indirectly, in any member of the Group or the right whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.
- (iii) CHFT Advisory and Appraisal Ltd. does not have any interest, direct or indirect, in any assets which since 20 June 2019, being the date to which the latest published audited financial statements of the Group were made up, 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.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the members of the Group within two years immediately preceding the date of this circular, which are, or may be, material:

- (a) a subscription agreement dated 22 February 2018 entered into between Full Wealth Investment Hong Kong Limited (“**Full Wealth**”), as the subscriber and a wholly-owned subsidiary of the Company, and Orient Capital Opportunity Fund SPC (the “**Investment Fund**”), as the fund, pursuant to which Full Wealth has agreed to subscribe for non-voting participating redeemable shares in the share capital of the Investment Fund of the value equivalent to HK\$76 million or 50% of the total maximum commitment in the Investment Fund in respect of Orient Capital Real Estate Fund SP for a term of three (3) years from 23 February 2018, and may be extendable for up to three (3) additional one-year periods;

- (b) a sale and purchase agreement dated 23 March 2018 entered into between Mr. Chiu Ngai Hung (“**Mr. Chiu**”), as the vendor, an independent third party, and Gain Global, as the purchaser and a wholly-owned subsidiary of the Company, pursuant to which Gain Global has conditionally agreed to purchase and Mr. Chiu has conditionally agreed to sell the sale shares, being 100% of the issued share capital of the Vendor, and the sale loan owing by Summit Pacific to Mr. Chiu as at the completion of the said agreement at a consideration of HK\$70 million, (aa) adding the aggregate amount of (i) the refundable utility deposits, transferable management fee deposit and building fund deposit for installation of the public meter charges of Summit Pacific in respect of the property which are subsisting; (ii) amount payable by Gain Global (if any) to Summit Pacific under the apportionment account; and (iii) cash and bank balance of Summit Pacific as shown in the completion accounts, if any; and (bb) subtracting the aggregate amount of the liabilities of Summit Pacific on the completion date excluding the sale loan, as shown in the completion accounts and the amount payable by Mr. Chiu (if any) under the apportionment account;
- (c) a supplemental agreement dated 19 April 2018 executed by Mr. Chiu and Gain Global in relation to the sale and purchase agreement dated 23 March 2018 under item (b) above;
- (d) a collaboration agreement dated 26 October 2018 entered into between the Company and Equitativa Real Estate Limited (“**Equitativa**”) in relation to setting up one or more REITs along Eurasia to be managed by Equitativa or its affiliates. Under the collaboration agreement, the Group will facilitate the implementation of the REITs, identify assets to seed the REITs, refer clients for investment in the REITs and act as an advisor to and work closely with Equitativa in relation to the REITs. Equitativa or its affiliates will be responsible for the establishment and management of the REITs and will be appointed as the manager. The Group shall be entitled to a referral fee equivalent to certain percentage of the transaction value of any assets acquired by the REITs and for any investments in the REITs introduced by the Group. The Group will also be entitled to a one-off performance fee upon the successful listing of the REITs on a recognised stock exchange on a pro rata basis as relative to the assets identified and referred by the Group and acquired by the REITs;

- (e) a sale and purchase Agreement dated 10 June 2019 entered into between Thriving Oasis Limited (“**Thriving Oasis**”), a wholly-owned subsidiary of the Company, as the purchaser, and Advance Champion International Limited and Prop Ventures Limited as the vendors pursuant to which the vendors have agreed to sell and the purchaser has conditionally agreed to acquire the sale shares, representing 30% of the issued share capital of Guardian City Limited, at the total consideration of HK\$176,005,000. The total consideration for the sale shares shall be HK\$176,005,000 which shall be satisfied by the purchaser by (i) cash in the sum of HK\$10,000,000 and (ii) procure the allotment and issuance of 153,000,000 consideration shares at the issue price of HK\$1.085 per consideration share by the Company to the vendors or their respective nominee(s) or designated person(s) respectively upon the completion. The consideration shares would be allotted and issued under the General Mandate of the Company;
- (f) a loan agreement dated 1 August 2019 entered into between Thriving Oasis as the lender, and Campfire Holdings Company Limited as the borrower, pursuant to which the lender has agreed to grant the loan in the principal amount of up to HK\$25,000,000 to the borrower for the period from the drawdown date to the date falling 12 months after the drawdown date;
- (g) the Provisional Agreement; and
- (h) the Formal Agreement.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at Office A, 6/F, Valiant Commercial Building, 22-24 Prat Avenue, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours from 31 December 2019 up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 March 2018 and 31 March 2019;
- (c) the interim results announcement of the Company for the six months ended 30 September 2019;
- (d) the Provisional Agreement;
- (e) the Formal Agreement;

- (f) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (g) the valuation report prepared by CHFT Appraisal and Advisory Ltd., the text of which is set out in Appendix I to this circular; and
- (h) this circular.

10. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at Office A, 6/F, Valiant Commercial Building, 22-24 Prat Avenue, Tsim Sha Tsui, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The company secretary of the Company is Mr. Cheung Sze Ming. He is a member of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants.
- (e) In the event of inconsistency, the English text of this circular shall prevail over its Chinese text.

NOTICE OF EGM



AFFLUENT PARTNERS HOLDINGS LIMITED

錢唐控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1466)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Affluent Partners Holdings Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) will be held at Campfire, 8/F Remex Centre, 42 Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong at 10:30 a.m. on Thursday, 16 January 2020 to consider, if thought fit, passing the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

the sale of the property located at 12th Floor, Henan Building, Nos. 90 & 92 Jaffe Road and Nos. 15-19 Luard Road, Hong Kong (the “**Disposal**”) pursuant to the provisional agreement dated 5 December 2019 (the “**Provisional Agreement**”) entered into among Summit Pacific Group Limited, an indirect wholly-owned subsidiary of the Company as vendor (the “**Vendor**”), Charm Creative Limited as purchaser (the “**Purchaser**”) and an independent property agent, and the formal agreement dated 16 December 2019 (the “**Formal Agreement**”), which superseded the Provisional Agreement and entered into between the Vendor and the Purchaser, both of which in relation to the Disposal for a consideration of HK\$53,000,000 (a copy of each of the Provisional Agreement and the Formal Agreement has been produced to the EGM marked “**A**” and “**B**” respectively and initialled by the chairman of the EGM for the purpose of identification); and the transactions contemplated thereby be and are hereby approved, confirmed and ratified and that the directors of the Company acting together, individually or by committee, be and are hereby authorized to do all things and acts and execute all documents (including under the seal of the Company) which they may consider necessary, desirable or expedient to give effect to and/or to implement any matters relating to or in connection with the Disposal and any and all transactions contemplated under the Provisional Agreement and the Formal Agreement.”

By order of the Board
Affluent Partners Holdings Limited
Cheng Chi Kin
Chairman and Executive Director

Hong Kong, 31 December 2019

* for identification purpose only

NOTICE OF EGM

Notes:

- (i) A form of proxy for use at the EGM or any adjournment thereof is enclosed.
- (ii) A shareholder of the Company (a “**Shareholder**”) entitled to attend and vote at the EGM convened by the above notice (or at any adjournment thereof) is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a Shareholder.
- (iii) Where there are joint holders of any Share, any one of such joint holder may vote at the EGM, either personally or by proxy, in respect of such Share as if he/she/it was solely entitled thereto, but if more than one of such joint holders be present at the EGM personally or by proxy, that the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (iv) To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not less than 48 hours before the time appointed for holding the EGM (i.e. at or before 10:30 a.m., on Thursday, 16 January 2020 (Hong Kong time)) or any adjournment thereof (as the case may be).
- (v) 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 (as the case may be) if he/she/it so desires. If a member of the Company attends the EGM after having deposited the form of proxy, his/her/its form of proxy will be deemed to have been revoked.

As at the date of this announcement, the Board comprises Mr. Cheng Chi Kin (Chairman), Mr. Leung Alex and Mr. Cheung Sze Ming as executive Directors; and Mr. Lai Yat Yuen, Mr. Lee Kin Keung and Mr. Leung Ka Kui, Johnny as independent non-executive Directors.