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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)

RESCISSION OF SALE AND PURCHASE AGREEMENT IN RESPECT OF THE PROJECT AND RELEASE OF GUARANTEE

Reference is made to the announcement of the Company dated 22 February 2018 and the further announcement of the Company dated 2 March 2018 in relation to the subscription of Participating Shares in the Investment Fund (the “**Announcements**”) by a wholly-owned subsidiary of the Company, with the Company as a Guarantor.

As disclosed in the Announcements, the principal investment objective of the Sub-Fund is to achieve capital returns by investing solely in the Project located in West London, United Kingdom, which consists of 49 apartments each to be held on a separate 999-year lease together with the right to 31 parking spaces.

RESCISSION OF SALE AND PURCHASE AGREEMENT IN RESPECT OF THE PROJECT AND RELEASE OF GUARANTEE

The Purchaser entered into a sale and purchase agreement (the “**SPA**”) with Lillie Square GP Limited and the Vendor on 17 February 2018, pursuant to which the Purchaser has agreed to acquire the Project from the Vendor at the total consideration of GBP66,206,998 (equivalent to approximately HK\$721,656,280) (the “**Consideration**”). As disclosed in the Announcements, the Guarantors provided a Guarantee to the Vendor under which the Guarantors shall: (i) guarantee that the Purchaser will pay 50% of the Stage Payment (as defined below); (ii) undertake to make such payment if the Purchaser fails to do so; and (iii) indemnify and keep the Vendor indemnified against any and all losses, costs, claims, demands and expenses arising as a result of the Purchaser failing to pay the sums referred to above and/or the subscriber failing to comply with any of its obligations.

* For identification purposes only

Under the terms and conditions of the SPA, 10% of the Consideration (the “**Deposit**”) is to be payable to the Vendor as deposit on the signing of the SPA and a further 10% of the Consideration (the “**Stage Payment**”) would be payable to the Vendor on or before 31 March 2019. The shareholders of the Sub-Fund have paid their respective initial capital contribution amount to the Investment Fund for the account of the Sub-Fund, which was utilized by the Sub-Fund for the settlement of the Deposit paid to the Vendor on 23 February 2018.

In or around May 2019, following negotiations between the Investment Manager and the Vendor, it was agreed that the payment term of the Stage Payment would be altered such that the payment date of the Stage Payment was postponed and the Stage Payment was to be paid by four instalments instead of a single payment. The first instalment (totalling GBP1,241,381.22) (the “**First Instalment**”) was paid to the Investment Fund for the account of the Sub-Fund by the shareholders of the Sub-Fund, and such amount was subsequently paid to the Vendor.

After the payment of the First Instalment, the Investment Manager was informed by the shareholders of the Sub-Fund that they would not fund the second instalment. Upon negotiations between the Vendor and the Investment Fund, the Vendor has expressed its agreement to (i) rescind the SPA and release the Purchaser from all its liabilities and obligations under the SPA; and (ii) release the Guarantors from their liabilities and obligations in respect of the Guarantee (collectively, the “**Rescission and Release**”) whereas the Deposit and First Instalment (totalling GBP7,862,081.02) (the “**Forfeited Amount**”) will be forfeited in favour of the Vendor (the “**Forfeiture**”).

The directors of the Investment Fund have by way of a notice to shareholders sought the agreement of shareholders of the Sub-Fund to, amongst others, the Forfeiture and the release of the Forfeited Amount to the Vendor under the above circumstances (the “**Shareholders’ Agreement**”), which was subsequently obtained.

The Company, having considered the property market of the United Kingdom after Brexit and having regard to the outlook of global economy under the continuing impact of the COVID-19 pandemic, has endorsed the Shareholders’ Agreement.

On 14 May 2021, the Company has been informed by the Investment Manager that the Rescission and Release has become effective pursuant to a rescission agreement entered into between the Vendor and the Purchaser and a deed of release given by the Vendor in favour of the Company.

FINANCIAL EFFECT OF THE RESCISSION AND RELEASE

Based on the unaudited fair value of the investment in the Sub-Fund as at 30 September 2020 of approximately HK\$4.7 million, the Group currently expects to record a fair value loss of approximately HK\$4.7 million upon the Rescission and Release.

REASONS FOR THE RESCISSION AND RELEASE

As disclosed in the annual report of the Company published on 30 June 2020 (the “**Annual Report**”), during the year ended 31 March 2020, the Group recognised a fair value loss on the investment in the Sub-Fund amounting to approximately HK\$33.6 million mainly due to market downturns and uncertainty in relation to Brexit. As at 30 September 2020, the Group has contributed HK\$41.8 million to the Sub-Fund and the remaining portion of HK\$34.2 million is subject to capital call notice(s) from time to time.

The uncertainty in Brexit and the outbreak of the COVID-19 pandemic have profound impact on the property market of the United Kingdom. The Company noted that the property market has been adversely affected in a wide array of aspects, including for instance, pricing of properties and financing. It could be observed that prices of properties in London have slid in 2020. Despite that Brexit happened on 31 January 2020, its related uncertainties over regulatory, labour and trade relationships with the European Union continue to affect businesses and investment sentiment. Brexit and the COVID-19 pandemic continue to represent major uncertainties to the economy of the United Kingdom, and COVID-19 mutated strains and further coronavirus wave(s) and Brexit could further stall the economic recovery following a pandemic-induced recession. The Company considers that, should the major uncertainties linger, there is a risk that property prices will see a major downturn in the United Kingdom. Therefore, as disclosed in the Annual Report, the Company would seek to minimise its investments in the United Kingdom.

Given the circumstances surrounding the property market of the United Kingdom as described above, the Company considers that the Rescission and Release represent an opportunity of the Company to be released and discharged from its onerous obligations of making further payments in the aggregate amount of approximately HK\$34.2 million for a property project with major risks and uncertainties associated with it. Furthermore, taking into account the financial position and business strategy of the Company, the Company considers that the Rescission and Release would have the effect of freeing up capital and enhancing liquidity of the Company. The Company would then be able to enjoy increased flexibility in utilizing and reallocating its resources, including making investments in other appropriate investment projects. The Group will further use its resources as a listed company to add value for viable and profitable acquisition projects with reasonable certainty, so as to increase its profitability and return.

The Company considers that the Rescission and Release (including the Forfeiture of the Forfeited Amount) and the Group’s agreement thereto are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

To the knowledge, information and belief of the Company and having made enquiries to the Investment Manager, there are no material assets and liabilities recorded in the accounts of the Sub-Fund. Following the Rescission and Release, the Sub-Fund will no longer be participating in its pre-determined specific investment objective (i.e. to invest in the Project) and will be liquidated accordingly.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	Affluent Partners Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“GBP”	pound sterling, the lawful currency of the United Kingdom
“Group”	the Company and its subsidiaries
“Guarantee”	a guarantee provided by the Company and other guarantors (collectively, the “ Guarantors ”) to the Vendor under which the Guarantors shall: (i) guarantee that the Purchaser will pay 50% of the Stage Payment; (ii) undertake to make such payment if the Purchaser fails to do so; and (iii) indemnify and keep the Vendor indemnified against any and all losses, costs, claims, demands and expenses arising as a result of the Purchaser failing to pay the sums referred to above and/or the subscriber failing to comply with any of its above obligations
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Investment Fund”	Orient Capital Opportunity Fund SPC, a segregated portfolio company incorporated under the laws of the Cayman Islands
“Investment Manager”	Orient Capital Asset Management Limited or such other person, firm or corporation appointed to act and for the time being acting as the manager of one or more segregated portfolios of the Investment Fund
“Participating Shares”	non-voting, participating redeemable share(s) having a nominal value of US\$0.001 each in the share capital of the Investment Fund in respect of the Sub-Fund

“Project”	a residential real estate project consisting of apartment units and car parking spaces located at 9 Lillie Square, Lillie Square, London, SW6, United Kingdom. The Project is the fourth block within Phase 2 of a larger development known as Lillie Square
“Purchaser”	Rapid Solution Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Investment Fund for the account of the Sub-Fund
“Shares”	ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-Fund”	Orient Capital Real Estate Fund SP, a segregated portfolio of the Investment Fund
“Vendor”	Lillie Square Nominee Limited, a company incorporated in the United Kingdom, being the vendor of the Project
“%”	per cent.

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

Hong Kong, 14 May 2021

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. Lee Kin Keung, Mr. Chiu Sin Nang, Kenny and Mr. Dong Bo, Frederic as independent non-executive Directors.