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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)

**PROPOSED RIGHTS ISSUE
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY ONE EXISTING SHARE HELD ON RECORD DATE
AND
CHANGE IN BOARD LOT SIZE**

Underwriter to the Rights Issue



金利豐證券

KINGSTON SECURITIES

Financial adviser to the Company



金利豐財務顧問

KINGSTON CORPORATE FINANCE

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



INCU Corporate Finance Limited

* For identification purposes only

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date at the Subscription Price of HK\$0.11 per Rights Share, to raise gross proceeds of approximately HK\$35.2 million by issuing 319,648,964 Rights Shares to the Qualifying Shareholders.

Under the Rights Issue, Qualifying Shareholders may apply, by way of excess application, for (i) any unsold entitlements of the Excluded Shareholder; and (ii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$32.9 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.103. The Company intends to apply the net proceeds from the Rights Issue towards the repayment of the Group's loan and accrued interests and for general working capital.

The Rights Issue will be fully underwritten by the Underwriter. Details of the underwriting arrangement are set out in the paragraph headed "THE UNDERWRITING AGREEMENT" in this announcement.

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Thursday, 10 March 2022.

The last day of dealing in the Shares on cum-rights basis is Tuesday, 8 March 2022. The Shares will be dealt with on an ex-rights basis from Wednesday, 9 March 2022.

CHANGE IN BOARD LOT SIZE

The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 8,000 Shares to 32,000 Shares with effect from 9:00 a.m. on Wednesday, 13 April 2022.

Shareholders should take note that Shareholders' approval is not required for the Change in Board Lot Size. However, the Change in Board Lot Size is conditional upon the passing of relevant resolution(s) in relation to the Rights Issue at the EGM.

LISTING RULES IMPLICATIONS

Given that the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rule 7.19A and 7.27A of the Listing Rules, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. Since there is no controlling Shareholder as at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A of the Listing Rules.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed “Termination of the Underwriting Agreement” under the section headed “THE UNDERWRITING AGREEMENT” above). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Wednesday, 9 March 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 22 March 2022 to Tuesday, 29 March 2022 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date at the Subscription Price of HK\$0.11 per Rights Share, to raise gross proceeds of approximately HK\$35.2 million by issuing 319,648,964 Rights Shares to the Qualifying Shareholders.

On 28 January 2022 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every one (1) existing Share held on the Record Date
Subscription Price	:	HK\$0.11 per Rights Share
Number of Shares in issue at the date of this announcement	:	319,648,964 Shares
Number of Rights Shares	:	319,648,964 Rights Shares (assuming no change in the share capital of the Company on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	HK\$6,392,979.28 (assuming no change in the share capital of the Company on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares	:	639,297,928 Shares (assuming no change in the share capital of the Company on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued)
Number of Rights Shares underwritten by the Underwriter	:	all the Rights Shares which are fully underwritten by the Underwriter pursuant to the terms and conditions set out in the Underwriting Agreement, being 319,648,964 Rights Shares

As at the date of this announcement, there are (i) 1,996,800 outstanding Share Options, which are exercisable at the exercise price of HK\$13.40 each; and (ii) 100,000 outstanding Share Options, which are exercisable at the exercise price of HK\$12.00 each. Save for the aforesaid, as at the date of this announcement, the Group had no other outstanding derivatives, options, warrants, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares.

On 28 January 2022, each of the Optionholders has given his/her Optionholders Undertaking to the Company to the effect that he/she will not exercise any of his/her Share Options on or before the Record Date (see the paragraph headed “THE UNDERWRITING AGREEMENT — The Optionholders’ Undertakings” below for further details of the Optionholders Undertakings).

Assuming no Shares are issued or repurchased on or before the Record Date, 319,648,964 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 100% of the total number of issued Shares as at the date of this announcement; and (ii) 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price is HK\$0.11 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 4.35% to the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 6.30% to the average of the closing prices of approximately HK\$0.1174 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 2.22% to the theoretical ex-rights price of HK\$0.1125 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 3.15%, represented by the theoretical diluted price of approximately HK\$0.1137 per Share to the benchmarked price of HK\$0.1174 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of this announcement).

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, (i) the market prices of the Shares under the prevailing market conditions and the relevant discount to the closing prices; (ii) the latest financial position of the Group; and (iii) the reasons for and benefits of Rights Issue as discussed in the section headed "REASONS FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE AND INTENDED USE OF PROCEEDS" in this announcement.

The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market; and (ii) the Rights issue allows the Qualifying Shareholders an

opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company and an opportunity to subscribe for excess Rights Shares subject to the level of acceptance.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL and EAF will be sent to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Thursday, 10 March 2022.

The last day of dealing in the Shares on cum-rights basis is Tuesday, 8 March 2022. The Shares will be dealt with on an ex-rights basis from Wednesday, 9 March 2022.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The basis for excluding the Excluded Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL and the EAF) to the Excluded Shareholders for their information only.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Excluded Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Excluded Shareholder(s) to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by Qualifying Shareholders under the EAF(s).

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 1 March 2022 to Monday, 7 March 2022 (both days inclusive) for determining the Shareholders' entitlements to the voting at the EGM.

The register of members of the Company will be closed from Friday, 11 March 2022 to Thursday, 17 March 2022 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every one (1) existing Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of one (1) Right Share for every one (1) Share held on the Record Date, no fractional entitlements to the Rights Shares shall be issued to the Shareholders.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Tuesday, 12 April 2022. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Tuesday, 12 April 2022 by ordinary post to the applicants at their own risk, to their respective registered addresses.

Application for excess Rights Shares

Under the Rights Issue, Qualifying Shareholders may apply, by way of excess application, for (i) any unsold entitlements of the Excluded Shareholder; and (ii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Application for excess Rights Shares can be made by the Qualifying Shareholders only and by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar no later than 4:00 p.m. on Friday, 1 April 2022.

The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application; and
- (ii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must lodge all necessary documents with the Registrar for registration by no later than 4:30 p.m. on Thursday, 10 March 2022. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 32,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

THE UNDERWRITING AGREEMENT

The Underwriting Agreement

On 28 January 2022 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to fully underwrite all Underwritten Shares, subject to the terms and conditions of the Underwriting Agreement.

Date	:	28 January 2022 (after trading hours)
Underwriter	:	Kingston Securities Limited
Number of Rights Shares	:	319,648,964 Rights Shares
Underwriting commitment of the Underwriter	:	All the Rights Shares which are fully underwritten by the Underwriter pursuant to the terms and conditions set out in the Underwriting Agreement, being 319,648,964 Rights Shares
Underwriting Commission	:	2.5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares

The Underwriter is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO whose ordinary course of business includes underwriting of securities. To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties.

The terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, the existing financial position of the Group, the size of the Rights Issues, and the market condition. The Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;
- (b) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus for information only to the Excluded Shareholders, if any, by no later than the Prospectus Posting Date;
- (d) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (e) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement at the Latest Time for Termination;
- (f) there being no specified event (as defined in the Underwriting Agreement) occurring on or before the Latest Time for Termination;
- (g) the passing of the necessary resolutions at the EGM to approve the Underwriting Agreement, the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Independent Shareholders; and
- (h) each of the Optionholders having given his/her undertaking to the Company to the effect that he/she will not exercise any of his/her Share Options on or before the Record Date.

Save for the conditions (e) and (f) which can be waived by the Underwriter, none of the above conditions can be waived. If any of the conditions referred to above is not fulfilled, or waived (where applicable) by the Latest Time for Termination, the Rights Issue will not proceed.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination, one or more of the following events or matters shall occur, arise, exist, or come into effect:

- (1) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) after the signing of the Underwriting Agreement;
- (2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;
- (3) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
- (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurring after the signing of the Underwriting Agreement;
- (5) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;
- (6) there is, after signing of the Underwriting Agreement, any change or any development involving a prospective change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, in/on Hong Kong, the People's Republic of China or other jurisdiction relevant to any member of the Group and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs; or
- (7) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company, which event or events is or are in the absolute opinion of the Underwriter:
 - (a) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole; or
 - (b) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or

- (c) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement in its sole and absolute discretion.

Upon giving of notice pursuant to the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

As at the date of this announcement, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

The Optionholders' Undertakings

As at the date of this announcement, the Company has 2,096,800 outstanding Share Options granted under the Share Option Scheme carrying rights for the holders thereof to subscribe for an aggregate of 2,096,800 new Shares. On 28 January 2022, each of the Optionholders has given his/her Optionholders Undertaking to the Company to the effect that he/she will not exercise any of his/her Share Options on or before the Record Date.

CHANGE IN BOARD LOT SIZE

The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 8,000 Shares to 32,000 Shares with effect from 9:00 a.m. on Wednesday, 13 April 2022. Pursuant to the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by The Hong Kong Exchange and Clearing Limited, the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. Based on the theoretical ex-rights price of approximately HK\$0.1125 per Share (calculated based on the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on the Last Trading Day) and assuming that the Rights Issue having become effective and the dealings in the Shares on an ex-rights basis having commenced, if the Shares were continued to be trading in board lots of 8,000, the value of each board lot of Shares would be below HK\$2,000. The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the Change in Board Lot Size is in the interests of the Company and its Shareholders as a whole.

Shareholders should take note that Shareholders' approval is not required for the Change in Board Lot Size. However, the Change in Board Lot Size is conditional upon the passing of relevant resolution(s) in relation to the Rights Issue at the EGM. Therefore, the Company will not proceed with the Change in Board Lot Size if the Rights Issue is not approved by the Independent Shareholders at the EGM.

Based on the theoretical ex-rights price of approximately HK\$0.1125 per Share (calculated based on the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on the Last Trading Day), the market value of each existing board lot is approximately HK\$900 and the estimated market value of each proposed new board lot is approximately HK\$3,600. To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company will appointed agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Wednesday, 13 April 2022 to 4:00 p.m. on Friday, 6 May 2022 (both dates inclusive). Further details of the odd lots matching arrangements will be disclosed in the Prospectus. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above arrangement.

All existing share certificates in board lot of 8,000 Shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in the board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 8,000 Shares to new share certificate in board lot size of 32,000 Shares is necessary.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Expected Timetable	2022
Despatch date of the circular, proxy form and notice of the EGM	Friday, 18 February
Latest time for lodging transfers of the Shares in order to qualify for attendance and voting at the EGM.....	4:30 p.m. on Monday, 28 February
Closure of register of members of the Company for determination of the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive).....	Tuesday, 1 March to Monday, 7 March
Latest time for lodging proxy forms for the EGM.....	11:00 a.m. on Saturday, 5 March
Expected time and date of the EGM.....	11:00 a.m. on Monday, 7 March
Announcement of poll results of the EGM	Monday, 7 March

The following events are conditional upon passing the relevant resolutions approving the Rights Issue at the EGM

Last day of dealings in Shares on a cum-rights basis	Tuesday, 8 March
First day of dealings in Shares on an ex-rights basis.....	Wednesday, 9 March
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue.....	4:30 p.m. on Thursday, 10 March
Register of members of the Company closes for determination of the Shareholders' entitlements to the Rights Issue (both days inclusive).....	Friday, 11 March to Thursday, 17 March
Record Date for determining entitlements to the Rights Issue.....	Thursday, 17 March
Register of members of the Company re-opens.....	Friday, 18 March
Despatch of Prospectus Documents (in the case of Excluded Shareholders, the Prospectus only).....	Friday, 18 March
First day of dealing in nil-paid Rights Shares	Tuesday, 22 March
Latest time for splitting of the PAL	4:30 p.m. on Thursday, 24 March
Last day of dealing in nil-paid Rights Shares	Tuesday, 29 March
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Friday, 1 April
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional (if applicable)	4:00 p.m. on Monday, 4 April
Announcement of allotment results.....	Monday, 11 April

Despatch of certificates for fully-paid Rights Shares
and refund cheques, if any, in respect of wholly or
partially unsuccessful application for excess Rights Shares Tuesday, 12 April

Effective date of the new board lots size of 32,000 Shares Wednesday, 13 April

Expected first day of dealings in fully-paid Rights Shares Wednesday, 13 April

Designated broker starts to stand in the market
to provide matching services for odd lots of Shares..... 9:00 a.m. on
Wednesday, 13 April

Designated broker ceases to stand in the market
to provide matching services for odd lots of Shares..... 4:00 p.m. on
Friday, 6 May

Dates or deadlines specified in expected timetable above or in other parts of this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 1 April 2022. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 1 April 2022. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Friday, 1 April 2022, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

REASONS FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE AND INTENDED USE OF PROCEEDS

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.

The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$32.9 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.103. The Company intends to apply the net proceeds from the Rights Issue towards the repayment of the Group's loan and accrued interests and for general working capital.

The Board considers that the Rights Issue will increase the capital base of the Company and give the Qualifying Shareholders equal opportunity to maintain their respective pro-rata shareholding interests in the Company. Hence, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings will be diluted.**

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, set out below is the shareholding structure of the Company as at the date of this announcement, and the effect on the shareholding structure of the Company upon completion of the Rights Issue in the manner contemplated under the Underwriting Agreement, is as follow:

Shareholders	(i) As at the date of this announcement		(ii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(iii) Immediately upon completion of the Rights Issue assuming no acceptance by all Qualifying Shareholders under the Rights Issue	
	Approximate % of total no. of		Approximate % of total no. of		Approximate % of total no. of	
	No. of Shares	Shares in issue	No. of Shares	Shares in issue	No. of Shares	Shares in issue
Pacific Wish Limited (Note 1)	84,088,691	26.31	168,177,382	26.31	84,088,691	13.15
Underwriter	—	—	—	—	319,648,964	50.00
Other Shareholders	235,560,273	73.69	471,120,546	73.69	235,560,273	36.85
Total	319,648,964	100.00	639,297,928	100.00	639,297,928	100.00

Notes:

1. The Shares were beneficially owned by Pacific Wish Limited, which was in turned beneficially owned by Mr. Chan Vincent Wing Sing as to 50% and Ms. Hui Ka Man Emily as to 50%.
2. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
3. These scenarios are for illustrative purpose only. Under the Underwriting Agreement, the Underwriter has undertaken that it shall use its reasonable endeavours to ensure that (i) sub-underwriter(s), if any, are Independent Third Party(ies); and (ii) the public float requirements under the Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save for the fund raising activity set out below, the Company has not conducted any other equity fund raising activities in the twelve (12) months immediately preceding from the date of this announcement.

Date of initial announcement	Event	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds
1 September 2021	placing of new Shares under general mandate	approximately HK\$5.2 million	the partial repayment of the Group's loan and accrued interests; and the general working capital of the Group	the proceeds were fully utilised as intended.

LISTING RULES IMPLICATIONS

Given that the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rule 7.19A and 7.27A of the Listing Rules, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. Since there is no controlling Shareholder as at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A of the Listing Rules.

As at the date of this announcement, to the best of Director's knowledge, no Directors and/or and the chief executive of the Company, and their respective associates held any Shares.

GENERAL

The Independent Board Committee, comprising all the independent non-executive Directors, had been established to provide recommendation to the Independent Shareholders in connection with the Rights Issue. INCU Corporate Finance Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue. The Independent Financial Adviser will be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held to consider, and, if thought fit, to approve, among other matters, the Rights Issue, the Underwriting Agreement and the transactions contemplated respectively thereunder. A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; and (iv) a notice convening the EGM will be despatched by the Company to the Shareholders on or before Friday, 18 February 2022.

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Excluded Shareholders for their information only, but the Company will not send the PAL and EAF to the Excluded Shareholders.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" under the section headed "THE UNDERWRITING AGREEMENT" above). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Wednesday, 9 March 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 22 March 2022 to Tuesday, 29 March 2022 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the proposed Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the proposed Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is issued or remains issued between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon or on which a “black” rainstorm warning is issued or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 8,000 Shares per board lot to 32,000 Shares per board lot
“Company”	Affluent Partners Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1466)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among other things, the Rights Issue, the Underwriting Agreement and the transactions contemplated respectively thereunder
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors, which has been established to make recommendations to the Independent Shareholders in respect of the terms of the Rights Issue, the Underwriting Agreement and the transactions contemplated respectively thereunder
“Independent Financial Adviser”	INCU Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser appointed by the Board to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue, the Underwriting Agreement and the transactions contemplated respectively thereunder
“Independent Shareholders”	Shareholders other than the controlling shareholders and their associates or, where there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates

“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of the Company and its connected persons
“Last Trading Day”	28 January 2022, being the last trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 1 April 2022 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on the first Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Optionholder(s)”	the holders of the Share Options, who have provided the Optionholders Undertakings, namely, Mr. Leung Alex, Mr. Cheung Sze Ming and Ms. Siu Wing Shan
“Optionholders Undertaking(s)”	the irrevocable undertakings given by the Optionholders as mentioned in the paragraph headed “THE UNDERWRITING AGREEMENT — The Optionholders’ Undertakings” in this announcement
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Friday, 18 March 2022, or such other day as may be agreed between the Company and the Underwriter for the despatch of the Prospectus Documents

“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	Thursday, 17 March 2022 or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every one (1) exiting Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	Shares to be allotted and issued under the Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share in issue on the Record Date, being 319,648,964 Rights Shares based on the Company’s total number of issued Shares as at the date of this announcement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Share Option(s)”	the total of 2,096,800 outstanding share options to subscribe for 2,096,800 Shares granted under the share option scheme adopted by the Company on 17 October 2014
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.11 per Rights Share
“Underwriter”	Kingston Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO whose ordinary course of business includes underwriting of securities

“Underwriting Agreement”	the underwriting agreement dated 28 January 2022 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Share(s)”	all the Rights Shares which are fully underwritten by the Underwriter pursuant to the terms and conditions set out in the Underwriting Agreement, being 319,648,964 Rights Shares
“%”	percentage

By order of the Board
AFFLUENT PARTNERS HOLDINGS LIMITED
Cheng Chi Kin
Chairman and Executive Director

Hong Kong, 28 January 2022

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. Chiu Sin Nang, Kenny, Mr. Dong Bo, Frederic and Mr. Wong Siu Keung Joe as independent non-executive Directors.