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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)

DISCLOSEABLE TRANSACTION: ACQUISITION OF THE ENTIRE EQUITY INTEREST IN SUMMIT PACIFIC GROUP LIMITED

The Board announces that on 23 March 2018 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor in relation to the acquisition of the Sale Shares and the Sale Loan by the Purchaser at the Consideration, which shall be satisfied by the Purchaser in cash. The Acquisition is subject to the satisfaction of the conditions as set out in the paragraph headed “Conditions Precedent” below.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under the Listing Rules.

THE ACQUISITION

On 23 March 2018 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor in relation to the acquisition of the Sale Shares and the Sale Loan by the Purchaser.

The principal terms of the Acquisition Agreement are summarised below:

Date: 23 March 2018

Parties:

- (i) the Purchaser, a wholly-owned subsidiary of the Company; and
- (ii) the Vendor, who is, to the best of the Directors’ knowledge, information and belief, and after having made all reasonable enquiries, an Independent Third Party as at the date of this announcement

* For identification purposes only

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell (i) the Sale Share, representing 100% of the issued share capital of the Target Company; and (ii) the Sale Loan, representing all amounts, including principal and interest, owing by the Target Company to the Vendor as at Completion. Up to the date of the Acquisition Agreement, the Sale Loan amounted to about HK\$42,000,000.

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in property investment. The only asset of the Target Company is the Property.

Consideration

The total consideration for the Acquisition shall be calculated in the following manner:

$$\text{Consideration} = \text{HK\$70,000,000} + X - Y$$

where:

X equals 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 the Target Company in respect of the Property which are subsisting; (ii) amount payable by the Purchaser (if any) to the Target Company under the Apportionment Account; and (iii) cash and bank balance of the Target Company as shown in the Completion Accounts, if any; and

Y equals the aggregate amount of the liabilities of the Target Company on the Completion Date excluding the Sale Loan, as shown in the Completion Accounts and the amount payable by the Vendor (if any) under the Apportionment Account.

The Consideration shall be satisfied by the Purchaser in cash in the following manner:

- (i) a sum of HK\$20,000,000 upon signing of the Acquisition Agreement; and
- (ii) the remaining balance upon Completion which shall take place on or before the Completion Date.

To the best information, knowledge and belief of the Directors, the Property was leased by the Vendor and the total rental income derived from the Property in the two financial years immediately preceding the date of the Acquisition Agreement amounted to approximately HK\$89,913 and nil for the two years ended 31 December 2016 and 31 December 2017 respectively. The after-tax loss derived from the Property would be amounted to approximately HK\$5,796,415 and HK\$498,460 for the two years ended 31 December 2016 and 31 December 2017 respectively.

The Consideration was determined after arm's length negotiations between the parties to the Acquisition Agreement with reference to, among others, (i) the transacted prices of comparable properties in the vicinity of the Property; (ii) the net assets of the Target Company; and (iii) the historical rates of rental income derived from the Property. The Directors consider the consideration of the Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

The Acquisition is conditional upon the satisfaction of the following:

- (a) the Vendor having shown and proved that the Target Company has a good title to the Property and can give a good title to the Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong);
- (b) there having been no outstanding notices, orders, complaints or requirements issued by any governmental body, authority or department, the manager or the owners' committee of the building, or the owner or occupier of any adjoining or neighbouring property to the Target Company in respect of the Property or the building of which the Property forms part or any part or parts thereof or requiring compliance with the terms of the government lease in respect of the Property;
- (c) the Target Company having no liabilities or indebtedness (whether actual or contingent) as at Completion other than the Sale Loan;
- (d) there having been no breach of the Warranties from the date of the Acquisition Agreement up to and inclusive of the Completion Date;
- (e) satisfactory completion by the Purchaser of legal, tax and accounting due diligence on various aspects of the Target Company before Completion;
- (f) the Vendor having delivered to the Purchaser all title deeds and documents in respect of the Property including all tenancy agreements;
- (g) there having been no breach of any terms and conditions in the New Loan Agreement and the New Mortgage on the part of the Target Company as a result of the transactions contemplated under the Acquisition Agreement;
- (h) the Property is in vacant possession;
- (i) the Purchaser having approved the draft Completion Accounts before Completion;

- (j) the Vendor's solicitors having given an undertaking to the Purchaser's solicitors to deliver to, among others, the Purchaser's solicitors within 21 days after the Completion Date, the relevant release or discharge of the New Mortgage duly executed by the New Mortgagee and (if the New Mortgage has been registered at the Registry of Corporate Affairs in the British Virgin Islands) within 60 days after the Completion Date a certificate of release of charge in respect of the said release or discharge issued by the Registrar of Corporate Affairs in the British Virgin Islands;
- (k) the Company having obtained (where applicable) the approval of its Shareholders of the Acquisition Agreement and the transactions contemplated hereunder as required by the Listing Rules; and
- (l) the Company and the Purchaser having complied with and to the satisfaction of the Stock Exchange all requirements under the Listing Rules in relation to the sale of the Sale Share and the assignment of the Sale Loan and other transactions contemplated herein.

The Purchaser may waive (in whole or in part) any of the conditions (a) to (i) above by way of written notice to the Vendor's solicitors. The other conditions set out above are incapable of being waived.

Discharge of Mortgages

It is a condition that the Vendor shall procure the cancellation of the loan agreement dated 13 October 2016 and entered into between, among others, the Target Company as mortgagor and the Vendor as borrower in respect of a loan of HK\$95,000,000 and a mortgage loan agreement dated 30 June 2017 and entered into between, among others, the Vendor and the Target Company as borrowers, and the discharge of the existing mortgages on the Property as soon as possible and in any event, within 45 days after the date of the Acquisition Agreement, failing which the Purchaser shall be entitled to rescind the Acquisition Agreement and the Vendor shall refund all deposits paid by the Purchaser to the Vendor forthwith.

The Vendor undertakes and warrants to procure that the Target Company will not, make any further advancement and borrowings under the facilities secured by the Mortgages and not to apply for further facilities thereof after the signing of the Acquisition Agreement. The Vendor further undertakes with the Purchaser that after the signing of the Acquisition Agreement, the Vendor shall procure that the Company will not assign, mortgage or charge the Property or any part thereof or cause any encumbrance to be effected on the Property or any part thereof provided that the Company may enter into the New Loan Agreement to be secured by the New Mortgage.

Completion

Completion is expected to take place on the Completion Date. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the books of the Company.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in property investment. Immediately prior to the entering into of the Acquisition Agreement, the Target Company is held as to 100% by the Vendor. After Completion of the Acquisition, the Purchaser shall be interested in the entire issued share capital of the Target Company.

The Target Company is currently holding the Property. The Property is a commercial property with a saleable area of approximately 2,567 sq. ft. located in Wanchai, Hong Kong. The Property is currently used for commercial purpose and is in vacant possession. Based on the land search record, the Property was acquired by the Target Company in 2016 with a consideration of HK\$39,513,106. The Property was valued at HK\$65,500,000 as at 19 March 2018 by an independent professional valuer.

The financial information of the Target Company for the year ended 31 December 2016 and 31 December 2017 respectively are as follows:

	For the year ended 31 December 2016	For the year ended 31 December 2017
	<i>HK\$</i>	<i>HK\$</i>
	(Unaudited)	(Unaudited)
Revenue	89,913	280,162
Net loss before taxation	5,796,415	498,460
Net loss after taxation	5,796,415	498,460
Net liabilities	5,408,914	5,907,374

REASONS FOR THE ACQUISITION

The Company is an investment holding company and the Group is principally engaged in purchasing, processing, designing, production and wholesale distribution of pearls and jewellery products and the strategic investment and financial services segment. The Group has recently invested in the realty market in England through the subscription of an investment fund and loan notes.

The Directors are optimistic about the prospect of the Hong Kong property market. The Directors consider that the Acquisition represents a promising investment opportunity in the Hong Kong property market and the Group will benefit from the long-term appreciation of commercial properties in Hong Kong.

The Property is situated in Wanchai, one of the prime commercial districts in Hong Kong, with a saleable area of approximately 2,567 sq.ft.. After Completion, the Board intends to use the Property as the headquarter of the Group. The terms of the Acquisition Agreement were determined on normal commercial terms through arm's length negotiation with the parties. The Directors consider the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisitions are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition by the Purchaser of the Sale Share and the Sale Loan subject to and upon the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 23 March 2018 and entered into between the Vendor and the Purchaser in relation to the Acquisition
“Apportionment Account”	an apportionment account covering the apportionment of management fees, rates and government rent in respect of the Property, for which the Vendor shall be responsible for the period up to and inclusive of the Completion Date and the Purchaser shall be responsible for the period as from but exclusive of the Completion Date
“Board”	board of Directors
“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for normal banking business in Hong Kong throughout their normal business hours
“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 mainboard of the Stock Exchange
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement

“Completion Accounts”	the management accounts of the Target Company for the period from the date immediately after 31 March 2018 up to and inclusive of the Completion Date
“Completion Date”	on or before 25 June 2018 or such other date as may be agreed by the Vendor and the Purchaser in writing
“Directors”	the directors of the Company
“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
“Independent Third Party(ies)”	party(ies) who, together with his/her/its ultimate beneficial owner(s), is/are persons independent of the Company and its connected persons (within the meaning of the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mortgage Amount”	the total outstanding amount (including all principal and interest and other monies payable) under the existing mortgages on the Property, calculated up to and inclusive of the Completion Date
“New Loan Agreement”	a new loan agreement to be entered into between the Target Company and a licensed money lender or financial institution for the borrowing (by the Target Company) of not more than HK\$35,000,000.00 for the purpose of cancelling of the loan agreements dated 13 October 2016 and discharging the mortgages loan agreement dated 30 June 2017 only
“New Mortgage”	a new mortgage of the Property in favour of such licensed money lender or financial institution as new mortgagee as security for the New Loan Agreement
“Property”	the property located at Nos. 90 and 92 Jaffe Road and Nos. 15-19 Luard Road, Hong Kong
“Purchaser”	Gain Global Inc., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

“Sale Loan”	all amounts, including principal and interest, owing by the Target Company to the Vendor as at Completion
“Sale Shares”	50,000 ordinary shares of US\$1.00 in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“sq.ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Summit Pacific Group Limited, a company incorporated in the British Virgin Islands with limited liability, being the registered holder of the Property
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Mr. Chiu Ngai Hung, an Independent Third Party as at the date of this announcement
“Warranties”	the representations, warranties and undertakings made or given by the Vendor to the Purchaser and any other representations, warranties and undertakings made by or on behalf of the warrantors pursuant to the Acquisition Agreement
“%”	per cent.

By order of the Board
AFFLUENT PARTNERS HOLDINGS LIMITED
Archambaud-Chao Percy Henry Junior
Executive Director

Hong Kong, 23 March 2018

As at the date of this announcement, the executive Directors are Mr. Archambaud-Chao Percy Henry Junior, Mr. Leung Alex and Mr. Lee Tsz Hang; the non-executive Director is Mr. Yuen Ching Bor Stephen (Chairman) and the independent non-executive Directors are Mr. Pang Siu Yin, Mr. Lai Yat Yuen, Mr. Lee Kin Keung and Mr. Chan Chi Yuen.