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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)**

### **(1) MAJOR TRANSACTIONS EXTENSION OF REPAYMENT DATE FOR THE LOAN NOTES ISSUED BY WONDERLAND (UK) HOLDINGS LIMITED AND (2) REPAYMENT OF LOAN NOTES**

#### **BACKGROUND**

On 10 November 2017, the Investor (i.e. Full Wealth Investment Hong Kong Limited, a wholly owned subsidiary of the Company) entered into the Investment Agreement and subscribed for Loan Notes issued by the Issuer. The principal amount was GBP3,500,000 (equivalent to approximately HK\$35,875,000) (based on the exchange rate of GBP1 to HK\$10.25 as at 10 November 2017) which carried interest at 6% per annum and payable on the date on which the Loan Notes become payable or are redeemed. The maturity date of the Loan Notes was on 9 November 2020 and would be redeemed at 100% of the principal amount.

On 9 November 2020, all Loan Notes expired and no conversion option was exercised by the Investor. The outstanding principal amount of GBP3,500,000 and the then accrued interest of approximately GBP571,000 (equivalent to approximately HK\$5,862,000) (based on the exchange rate of GBP1 to HK\$10.27 as at 9 November 2020) were not settled.

Since the expiry of the Loan Notes on 9 November 2020, the Company has been actively liaised with the management of the Issuer for the repayment of the principal and interests under the Loan Notes. However, up to 28 June 2022, the outstanding principal amount of GBP3,500,000 and an accrued interest of GBP62,614 (equivalent to approximately HK\$604,225 (based on the exchange rate of GBP1 to HK\$9.65 as at 28 June 2022) remained unsettled.

\* For identification purposes only

## **DEED OF VARIATION**

The Board announces that on 29 June 2022, the Investor, the Issuer and the Guarantors entered into the Deed of Variation, pursuant to which the Investment Agreement shall be amended to the effect that:

- (1) the repayment date for the Loan Notes shall be extended to 31 October 2022;
- (2) upon the maturity of the Loan Note, the respective default interest rate shall be amended from 1% to 6% per annum, i.e. the effective interest rate on the outstanding amount shall be increased to 12% following default of the Loan Notes; and
- (3) the Issuer shall pay to the Investor a total of GBP75,000 within one month of the date of the Deed of Variation.

Save as disclosed above, all other material terms of the Investment Agreement and the relevant Personal Guarantees obtained for guaranteeing the repayment obligations of the Loan Notes as disclosed in the Announcements remain unchanged.

## **NOTICE**

On 24 October 2022, the Investor, the Issuer and the Guarantors entered into the Notice, pursuant to which the Investment Agreement and the Deed of Variation shall be amended to the effect that:

- (1) the repayment date for the Loan Notes shall be further extended to 31 January 2023; and
- (2) the Issuer shall pay to the Investor a total of GBP45,000 as a cure payment.

Save as disclosed above, all other material terms of the Investment Agreement, the Deed of Variation and the Personal Guarantees remain unchanged.

## **REPAYMENT OF LOAN NOTES**

On 18 January 2023, the Issuer fully repaid the outstanding principal and accrued interests of the Loan Notes.

## **LISTING RULES IMPLICATIONS AND THE BREACH OF THE LISTING RULES**

This announcement is made pursuant to Rule 14.36 of the Listing Rules, as the entering into of the Deed of Variation and the Notice constitutes a variation to the terms and conditions of the Investment Agreement which were previously announced by the Company on 1 September 2017, 3 October 2017, 20 October 2017 and 12 November 2017.

As one or more of the applicable percentage ratios in respect of the entering into of the Deed of Variation and the Notice exceed 25% but all those applicable percentage ratios are less than 75%, the entering into of the Deed of Variation and the Notice constitutes major transactions of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

Due to an inadvertent mistake, the Company failed to make timely disclosure of the entering into of the Deed of Variation and the Notice and seek for Shareholders' approval. Such failure was unintentional and was due to a misunderstanding by the management of the Company that the entering into of the Deed of Variation and the Notice would not constitute a notifiable transaction under the Listing Rules and therefore were unaware that the requirements under Chapter 14 of the Listing Rules are applicable.

The Company would like to express deep regrets for its inadvertent and unintentional oversight of the requirements of the Listing Rules. The Company had no intention to withhold any information relating to the Deed of Variation and the Notice.

## **BACKGROUND**

Reference is made to the announcements of the Company dated 1 September 2017, 3 October 2017, 20 October 2017 and 12 November 2017 in relation to the proposed subscription of Loan Notes in the Issuer (i.e. Wonderland (UK) Holdings Limited) (the "**Announcements**"). Unless otherwise stated, all the capitalised terms used herein shall have the same meaning as those adopted in the Announcements.

On 10 November 2017, the Investor (i.e. Full Wealth Investment Hong Kong Limited, a wholly owned subsidiary of the Company) entered into the Investment Agreement and subscribed for Loan Notes issued by the Issuer. The principal amount was GBP3,500,000 (equivalent to approximately HK\$35,875,000) (based on the exchange rate of GBP1 to HK\$10.25 as at 10 November 2017) which carried interest at 6% per annum and payable on the date on which the Loan Notes become payable or are redeemed. The maturity date of the Loan Notes was on 9 November 2020 and would be redeemed at 100% of the principal amount. For detailed terms of the Investment Agreement and the relevant personal guarantees provided by the Guarantors, please refer to the Announcements.

On 9 November 2020, all Loan Notes expired and no conversion option was exercised by the Investor. The outstanding principal amount of GBP3,500,000 and the then accrued interest of approximately GBP571,000 (equivalent to approximately HK\$5,862,000) (based on the exchange rate of GBP1 to HK\$10.27 as at 9 November 2020) were not settled.

Since the expiry of the Loan Notes on 9 November 2020, the Company has been actively liaised with the management of the Issuer for the repayment of the principal and interests under the Loan Notes. However, up to 28 June 2022, the outstanding principal amount of GBP3,500,000 and an accrued interest of GBP62,614 (equivalent to approximately HK\$604,225 (based on the exchange rate of GBP1 to HK\$9.65 as at 28 June 2022)) remained unsettled.

## **DEED OF VARIATION**

The Board announces that on 29 June 2022, the Investor, the Issuer and the Guarantors entered into a deed of variation (the “**Deed of Variation**”), pursuant to which the Investment Agreement shall be amended to the effect that:

- (1) the repayment date for the Loan Notes shall be extended to 31 October 2022;
- (2) upon the maturity of the Loan Note, the respective default interest rate shall be amended from 1% to 6% per annum, i.e. the effective interest rate on the outstanding amount shall be increased to 12% following default of the Loan Notes; and
- (3) the Issuer shall pay to the Investor a total of GBP75,000 within one month of the date of the Deed of Variation.

Save as disclosed above, all other material terms of the Investment Agreement and the relevant personal guarantees (the “**Personal Guarantees**”) obtained for guaranteeing the repayment obligations of the Loan Notes as disclosed in the Announcements remain unchanged.

## **NOTICE**

On 24 October 2022, the Investor, the Issuer and the Guarantors entered into a notice (the “**Notice**”), pursuant to which the Investment Agreement and the Deed of Variation shall be amended to the effect that:

- (1) the repayment date for the Loan Notes shall be further extended to 31 January 2023; and
- (2) the Issuer shall pay to the Investor a total of GBP45,000 as a cure payment.

Save as disclosed above, all other material terms of the Investment Agreement, the Deed of Variation and the Personal Guarantees remain unchanged.

## **REPAYMENT OF LOAN NOTES**

On 18 January 2023, the Issuer fully repaid the outstanding principal and accrued interests of the Loan Notes.

## **REASONS FOR AND BENEFITS FOR ENTERING INTO THE DEED OF VARIATION AND THE NOTICE**

The Loan Notes was expired on 9 November 2020. Since then, the Company has considered various ways to recover the outstanding amount due from the Issuer under the Loan Notes, including but not limited to taking legal actions against the Guarantors by enforcing the Personal Guarantees.

Since the expiry of the Loan Notes on 9 November 2020, the Company has been actively liaised with the management of the Issuer for the repayment of the principal and interests under the Loan Notes. As disclosed in the Company's 2021 annual report of the Company, the purpose of the Group holding such receivables are for collecting contractual cash flows (i.e. the principal and the interests under the Loan Notes).

Since October 2020, the Issuer had informed the Board that the Issuer was under takeover negotiations by certain potential buyers (the "**Potential Acquisition**"). Based on the information provided by the Issuer, in the event that a takeover on the entire interest in the Issuer materializes, the new buyer will fund the Issuer with such sums to settle the outstanding principal and interests due to the Company under the Loan Notes. In addition, considering the fact that the existing Personal Guarantees provided by the Guarantors guaranteeing the repayment obligations of the Issuer remained available, the Board believed that it would be in the best interest of the Company to adopt a pragmatic approach to allow extension of repayment date and to negotiate a higher default interest rate for the Loan Notes.

At the time the Notice were entered into, the Board was given to understand that the Potential Acquisition is likely to materialise by end of January 2023 and that the repayment of the outstanding amount due is one of the conditions precedents to the Potential Acquisition. As such, instead of taking action to enforcing the Personal Guarantees, the Board decided that it was in the best interests of the Company and its shareholders to increase its default interest rate and extend the repayment date of the Loan Notes to 31 January 2023 by way of entering into the Deed of Variation and the Notice to compensate the loss suffered by the Group and to allow sufficient time for the Issuer to proceed with the Potential Acquisition.

On 18 January 2023, the Company was advised by the Issuer that the Potential Acquisition had materialised and on the same date, the Issuer repaid the outstanding principal and accrued interests to the Investor.

The terms of the Deed of Variation and the Notice, including the increased default interest rate applicable, were negotiated on an arm's length basis by the parties with regard to the prevailing market interest rates and practices. Having considered factors including the extended term of the Loan Notes and the additional payment made by the Issuer to the Investor arising from the Deed of Variation and the Notice, the parties agreed to revise the default interest rate of the Loan Notes. Taking into account (i) the increased default interest rate of 6% to mitigate the loss suffered by the Investor; (ii) the personal guarantees provided by the Guarantors; (iii) the additional payment made by the Issuer to the Investor arising from the Deed of Variation and the Notice; and (iv) the Potential Acquisition, the Board considers that the terms for the Deed of Variation and the Notice are fair and reasonable, on normal commercial terms and are in the interest of the Company and its shareholders as a whole.

## **INFORMATION ON THE ISSUER**

Under the Master Franchise Agreement (as amended) by the Second Amendment Agreement and assigned to the Issuer pursuant to the Master Franchise Agreement Assignment, the Issuer, Wonderland (UK) Holdings Limited, is the exclusive licensee for the Sotheby's International Realty brand in England. The Issuer holds the entire equity interest of Sotheby's International Realty Limited ("**SIRL**").

SIRL is principally engaged in real estate agency business and currently operates under the Sotheby's International Realty brand in England. SIRL's real estate agency business primarily deals in residential sales, lettings, development sales, investment and international sales.

## **INFORMATION ON THE GUARANTORS**

The Guarantors under the Personal Guarantees are (i) Robin Paterson, (ii) Christopher Palmer, (iii) Hassan Bin Che Abas, and (iv) Mohd Razali Bin Abdul Rahman.

Each of the Guarantors is holding 25% of the entire issued share capital of Wonderland (Jersey) Limited ("**Wonderland (Jersey)**") and in turn, Wonderland (Jersey) was holding the entire issued share capital of the Issuer prior to the completion of the Potential Acquisition. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, all the Guarantors are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **LISTING RULES IMPLICATIONS AND THE BREACH OF THE LISTING RULES**

This announcement is made pursuant to Rule 14.36 of the Listing Rules, as the entering into of the Deed of Variation and the Notice constitutes a variation to the terms and conditions of the Investment Agreement which were previously announced by the Company in the Announcements.

As one or more of the applicable percentage ratios in respect of the entering into of the Deed of Variation and the Notice exceed 25% but all those applicable percentage ratios are less than 75%, the entering into of the Deed of Variation and the Notice constitutes major transactions of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

Due to an inadvertent mistake, the Company failed to make timely disclosure of the entering into of the Deed of Variation and the Notice and seek for Shareholders' approval. Such failure was unintentional and was due to a misunderstanding by the management of the Company that the entering into of the Deed of Variation and the Notice would not constitute a notifiable transaction under the Listing Rules and therefore were unaware that the requirements under Chapter 14 of the Listing Rules are applicable.

## REMEDIAL MEASURES

The Company would like to express deep regrets for its inadvertent and unintentional oversight of the requirements of the Listing Rules. The Company had no intention to withhold any information relating to the Deed of Variation and the Notice.

The Directors (including the independent non-executive Directors) considered that the Deed of Variation and the Notice were made on normal commercial terms, and terms of the Deed of Variation and the Notice were fair and reasonable and in the interests of the Shareholders of the Company as a whole. To adhere to prudent corporate governance practice, the Directors have confirmed, approved and ratified the Deed of Variation and the Notice and the publication of this announcement.

To avoid any similar delay in the future, the Company has implemented the following measures:

- (i) the Company will arrange regular training on regulatory compliance matters relating to notifiable transactions to the Directors, senior management and relevant staff so as to ensure that they fully understand the requirements of the Listing Rules;
- (ii) the Company will review and enhance the regulatory compliance procedures and its internal controls so as to ensure that all existing and further transactions of the Company fully comply with the Listing Rules;
- (iii) the Company will maintain closer cooperation with its professional advisers in relation to regulatory compliance; and
- (iv) the Company shall, as and when appropriate and necessary, consult external legal advisers and/or other professional advisers before entering into possible notifiable transactions.

Going forward, the Company will make appropriate disclosures and obtain Shareholders' approvals in a timely manner so as to comply with the requirements of the Listing Rules as appropriate.

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

Hong Kong, 18 January 2023

*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; Mr. Zhu Yongjun as non-executive Director; Mr. Chiu Sin Nang, Kenny, Mr. Wong Siu Keung Joe and Mr. Chang Chunyu as independent non-executive Directors.*