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AFFLUENT PARTNERS HOLDINGS LIMITED

錢唐控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1466)

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE EQUITY INTEREST IN TONNETT JULIS HOLDINGS LIMITED INVOLVING ISSUE OF CONSIDERATION SHARES AND CONVERTIBLE BOND UNDER SPECIFIC MANDATE

THE ACQUISITION

The Board is pleased to announce that on 29 June 2023 after trading hours, the Purchaser, the Vendor, the Ultimate Beneficial Owners and the Guarantors entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Share, representing the entire issued share capital of the Target Company, at the consideration of HK\$42.0 million, which shall be satisfied as to (i) HK\$10.5 million by the allotment and issue of the Consideration Shares by the Company; and (ii) HK\$31.5 million by issue of the Convertible Bond by the Company.

The Consideration Shares comprising 39,954,338 Shares, represent (i) approximately 6.25% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 5.88% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and (iii) approximately 5.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon full exercise of the conversion rights attaching to the Convertible Bond.

* For identification purposes only

Upon full conversion of the Convertible Bond, 119,863,013 Conversion Shares will be issued, which represent approximately 18.75% of the issued share capital of the Company as at the date of this announcement and approximately 15.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon full exercise of the conversion rights attaching to the Convertible Bond.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction 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.

EGM

An EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Acquisition and the transactions contemplated thereunder, including the issue of the Consideration Shares, the Convertible Bond and the Conversion Shares. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Vendor and its associates do not hold any Shares and no Shareholders and their associates have a material interest in the Acquisition, and thus no Shareholder is required to abstain from voting on the resolutions in respect of the Sale and Purchase Agreement and the Specific Mandate at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, details of the Acquisition and the transactions contemplated thereunder and the notice of the EGM will be despatched to the Shareholders on or before 20 July 2023.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment of the condition precedent under the Sale and Purchase Agreement, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

THE SALE AND PURCHASE AGREEMENT

Reference is made to the MOU Announcements.

The Board is pleased to announce that on 29 June 2023 after trading hours, the Purchaser, the Vendor, the Ultimate Beneficial Owners and the Guarantors entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Share, representing the entire issued

share capital of the Target Company, at the consideration of HK\$42.0 million, which shall be satisfied as to (i) HK\$10.5 million by issue of Consideration Shares by the Company; and (ii) HK\$31.5 million by issue of Convertible Bond by the Company.

Principal terms of the Sale and Purchase Agreement are summarised as follows:

Date

29 June 2023 (after trading hours)

Parties

Vendor : the Vendor, being Ketto Inform Limited

Purchaser : the Purchaser, being Eminent Affluent Limited, a wholly-owned subsidiary of the Company

Ultimate Beneficial Owners : the Ultimate Beneficial Owners

Guarantors : the Guarantors

The Vendor is ultimately owned by 41 individual shareholders, being the Ultimate Beneficial Owners (they are parties to the Sale and Purchase Agreement to grant their consent as regards the transactions contemplated under the Sale and Purchase Agreement). The identity of the Ultimate Beneficial Owners is set out as follows:

	Name	Identity	Shareholding % in the Vendor
1	Mr. Su Yaoyao (蘇耀耀)	— a Guarantor; and — a director of Beijing Baijin and another company of Target Group	18.00%
2	Ms. Pan Yidan (潘弈旦)	— a Guarantor; and — an independent private investor	18.00%
3	Mr. Shang Xiaonan (賞效楠)	— a Guarantor; and — a director of 2 companies of Target Group	17.99%
4	Mr. Xu Xiaping (徐夏平)	— a Guarantor; and — an independent private investor	4.50%
5	Ms. Zhang Ying (張穎)	— a Guarantor; and — an independent private investor	3.50%
6	Mr. Yin Guoliang (尹國亮)	— a Guarantor; and — a supervisor and a manufacturing and logistic manager of Beijing Baijin	3.31%

	Name	Identity	Shareholding % in the Vendor
7	Ms. Xie Chunchen (謝春辰)	— a Guarantor; and — an independent private investor	3.30%
8	Mr. Sun Jingrui (孫景瑞)	— a Guarantor; and — an independent private investor	3.00%
9	Mr. Li Yijia (李一佳)	— a Guarantor; and — a substantial shareholder of a company of Target Group	2.85%
10	Mr. Shi Lei (石磊)	— a Guarantor; and — an independent private investor	2.50%
11	Ms. Lei Qiuju (雷秋菊)	— a Guarantor; and — an independent private investor	1.80%
12	Ms. Liang Ying (梁英)	— an independent private investor	1.50%
13	Ms. Zhu Lin (朱琳)	— an independent private investor	1.50%
14	Mr. Liang Ziyang (梁子彥)	— a Guarantor; and — an independent private investor	1.50%
15	Ms. Liu Jing (劉靜)	— an independent private investor	1.50%
16	Ms. Qian Yaping (錢亞萍)	— an independent private investor	1.50%
17	Ms. Xiao Liang (肖靚)	— an independent private investor	1.50%
18	Mr. Wang Yubao (汪玉寶)	— a Guarantor; and — an independent private investor	1.50%
19	Mr. Yao Zhiquan (姚智泉)	— a Guarantor; and — an independent private investor	1.00%
20	Ms. Hu Dongbing (胡冬冰)	— a Guarantor; and — a director of a company of Target Group	1.00%

	Name	Identity	Shareholding % in the Vendor
21	Mr. Guo Xu (郭旭)	— an independent private investor	1.00%
22	Ms. Zhang Meng (張萌)	— a Guarantor; and — a director of the Target Company and 2 other companies of Target Group	1.00%
23	Ms. Yu Wenyong (余文穎)	— a Guarantor; — the LP holding 16.6666% LP interest in the General Partnership of the Target Group; and — an independent private investor	1.00%
24	Ms. Ding Rui (丁瑞)	— a consultant of Beijing Baijin	1.00%
25	Ms. Zhang Shuiping (張水萍)	— an independent private investor	0.50%
26	Mr. Wang Cheng (王成)	— the LP holding 20% LP interest in the General Partnership of the Target Group; and — an independent private investor	0.50%
27	Mr. Zhang Guoliang (張國良)	— a supervisor and a vice general manager of a subsidiary of the Target Company	0.50%
28	Ms. Guo Yun (郭韻)	— an independent private investor	0.30%
29	Mr. Jiang Tao (姜濤)	— a Guarantor; and — a brand director of Beijing Baijin	0.30%
30	Ms. Chen Yu (陳雨)	— a Guarantor; and — an administrative officer of Beijing Baijin	0.30%
31	Mr. Cao Lei (曹磊)	— a Guarantor; and — a marketing manager of a subsidiary of the Target Company	0.30%
32	Mr. Song Hongqiang (宋宏強)	— a Guarantor; and — a brand manager of Beijing Baijin	0.30%

Name	Identity	Shareholding % in the Vendor
33 Mr. Shen Jie (沈劼)	— a Guarantor; and — a sale manager of Beijing Baijin	0.30%
34 Mr. Zhang Wenjin (張文錦)	— a Guarantor; and — an independent private investor	0.20%
35 Ms. Wang Ling (王玲)	— a consultant of Beijing Baijin	0.20%
36 Ms. Feng Ying (馮穎)	— an independent private investor	0.20%
37 Mr. Ding Tianjiao (丁天驕)	— a Guarantor; and — a director of 2 companies of Target Group	0.20%
38 Mr. Li Song (李松)	— a Guarantor; and — a director of a company of Target Group	0.20%
39 Mr. Chen Bokang (陳伯康)	— an independent private investor	0.20%
40 Ms. Chen Jia (陳加)	— a Guarantor; — the LP holding 6.6667% LP interest in the General Partnership of the Target Group; and — a general manager of marketing and operation of a subsidiary of the Target Company	0.15%
41 Ms. Jia Yinyin (賈銀銀)	— the LP holding 6.6667% LP interest in the General Partnership of the Target Group; and — an independent private investor	0.10%
Total		<u>100%</u>

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor, the Guarantors and the Ultimate Beneficial Owners are Independent Third Parties as at the date of this announcement.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, subject to the fulfilment of the condition precedent, the Vendor have conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Share, representing the entire issued share capital of the Target Company.

Consideration

Subject to adjustment as detailed in the paragraph headed “Profit guarantee and adjustments to the consideration of the Acquisition” below, the consideration for the Acquisition shall be HK\$42.0 million, which is to be satisfied in the following manner upon Completion:

- (i) HK\$10.5 million (i.e., 25% of the consideration) shall be settled by allotting and issuing the Consideration Shares by the Company; and
- (ii) HK\$31.5 million (i.e., 75% of the consideration) shall be settled by issuing the Convertible Bond by the Company.

The consideration for the Acquisition has been determined after arm’s length negotiations between the Purchaser and the Vendor with reference to, among other things, (i) the Accumulated Profit Guarantee; and (ii) the prospect of the skincare solutions industry in which the Target Group operates and the synergy effect that benefits to the Group as mentioned in the section headed “Reasons for and benefits of the Acquisition” below.

Profit guarantees and adjustments to the consideration of the Acquisition

Profit guarantees

Pursuant to the Sale and Purchase Agreement, the Vendor and the Guarantors jointly and irrevocably guarantee to the Purchaser that the aggregate Audited Consolidated Net Profit for the two years ending 31 December 2024 shall not be less than HK\$21.05 million (i.e., the Accumulated Profit Guarantee).

In the event the Target Group fails to achieve the Accumulated Profit Guarantee, the Vendor shall pay the Purchaser the Compensation Amount (as defined below) in accordance with the formula below:

$$C = (G - A) \times 2$$

Where:

C : means the amount to be paid by the Vendor (the “**Compensation Amount**”)

G : means HK\$21.05 million (i.e., the Accumulated Profit Guarantee)

A : means the Accumulated Actual Profit. If the Accumulated Actual Profit is a loss, or if it is expressed as a negative figure, the amount of Accumulated Actual Profit shall be equivalent to zero.

If the Accumulated Profit Guarantee is not satisfied, the Purchaser shall inform the Vendor in writing within three (3) Business Days after the issuance of the Accumulated Guarantee Certificate regarding the mode of payment in relation to the Compensation Amount in either or in combination of the following manner:

- (i) by payment in cash within ten (10) Business Days after the issue of the Accumulated Guarantee Certificate; or
- (ii) by the Company redeeming or repurchasing the Convertible Bond, whereupon the principal amount to be redeemed or repurchased shall be equivalent to the Compensation Amount, at HK\$1 within ten (10) Business Days after the issue of the Accumulated Guarantee Certificate. In case the principal amount to be redeemed or repurchased shall exceed the outstanding principal amount of the Convertible Bond, the Vendor shall pay the Purchaser the remaining part of the Compensation Amount by cash.

The Board has absolute discretion to decide the mode of payment to be made by the Vendor. For the avoidance of doubt, in the event the Accumulated Actual Profit is higher than the Accumulated Profit Guarantee, the consideration of the Acquisition will not be adjusted upward.

Completion adjustments

The Vendor and each of the Guarantors represent and warrant that as at the date of the Sale and Purchase Agreement and at Completion, there is and will be nil amount due to the Vendor or the Ultimate Beneficial Owners by the Target Group. In the event that there is any amount due to the Vendor or the Ultimate Beneficial Owners by the Target Group at Completion, the Vendor shall and shall procure to transfer the right to such debts (the “**Sale Loan**”) to the Purchaser and sign and procure to sign the relevant documents in relation to the Sale Loan transfer at Completion. In such case, the consideration of the Acquisition of HK\$42.0 million will comprise (a) the consideration for the transfer of the Sale Loan (the “**Sale Loan Consideration**”) which shall be equivalent to the face value of the Sale Loan; and (b) the consideration for the transfer of the Sale Share shall be the remaining balance of the consideration after deducting the Sale Loan Consideration.

At Completion, if the registered capital of any company of the Target Group has yet been paid up on the part of the Target Group, the consideration of the Acquisition shall be adjusted downward. The adjustment amount shall be equivalent to the amount of registered capital that has yet been paid up on the part of the Target Group. In such case, the adjusted consideration of the Acquisition shall be settled whereby 25% of the consideration shall be settled by allotting and issuing the Consideration Shares by the Company and the remaining 75% of the consideration shall be settled by issuing the Convertible Bond by the Company.

Condition precedent to the Acquisition

The completion of the Acquisition is conditional upon fulfillment of the following condition precedent:

- (i) the PRC legal opinion (in form and substance satisfactory to the Purchaser) to be issued by the PRC legal advisers designated by the Purchaser or the Company in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (ii) the passing by the Shareholders at the EGM to be convened and held of resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares, the issue of the Convertible Bond and the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bond;
- (iii) the Stock Exchange having approved the issue of the Convertible Bond (if applicable) and having granted the listing of and permission to deal in the Consideration Shares and the Conversion Shares;
- (iv) the warranties given by the Vendor and the Guarantors not having been breached in any material respect and such warranties remaining true, accurate and not misleading in all material respects;
- (v) the Purchaser having been satisfied with the results of the due diligence review on assets, liabilities and operations of the Target Group (including but not limited to legal, financial and commercial aspects);
- (vi) the Company having obtained the relevant approval(s), agreement(s), waiver(s) and permit(s) (the “**Approval**”) from the relevant regulators in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder and such Approval having remained in full force and effect and not having been revoked; and
- (vii) the listing status of the Company on the Stock Exchange not having been revoked and the Company not having received any written notice from the Stock Exchange or SFC in connection with the revocation of its listing status.

No condition can be waived. If the Purchaser has issued a notice notifying it is not satisfied with the due diligence results, or any condition precedent has not been satisfied at or before 5:00 p.m. on the Long Stop Date, the Sale and Purchase Agreement shall cease and determine. Neither party shall have any obligations and liabilities towards each other under the Sale and Purchase Agreement save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the fifth (5th) Business Day after the fulfillment of the condition precedent (save for conditions (iv), (vi) and (vii) as stated in the paragraph headed “Condition precedent to the Sale and Purchase Agreement” under the section headed “The Sale and Purchase Agreement” above, which shall have remained in full force and effect upon Completion) of the Acquisition (or such other date as the Purchaser may agree).

THE CONSIDERATION SHARES

The issue price of HK\$0.2628 per Consideration Share represents:

- (i) a premium of approximately 1.08% to the average closing price of HK\$0.2600 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Memorandum;
- (ii) a discount of approximately 23.83% to the closing price of HK\$0.3450 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- (iii) a discount of approximately 24.70% to the average closing price of HK\$0.3490 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Sale and Purchase Agreement; and
- (iv) a discount of approximately 26.28% to the average closing price of approximately HK\$0.3565 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Sale and Purchase Agreement.

Based on the closing price of HK\$0.3450 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement, the total value of the Consideration Shares was approximately HK\$13.78 million.

The Consideration Shares comprising 39,954,338 Shares, represent (i) approximately 6.25% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 5.88% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and (iii) approximately 5.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon full exercise of the conversion rights attaching to the Convertible Bond.

During the Lock-up Period, the Consideration Shares shall not be offered, sold, transferred, contracted for sale or otherwise disposed of. For the avoidance of doubt, there will be no restriction on the subsequent sale of the Consideration Shares after the Lock-up Period.

The Consideration Shares, when issued upon Completion, will rank pari passu in all respects with the existing Shares then in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares to be issued upon Completion.

THE CONVERTIBLE BOND

The principal terms of the Convertible Bond are summarised below:

Issuer	:	the Company.
Principal amount of the Convertible Bond	:	HK\$31.5 million
Conversion Price	:	HK\$0.2628 per Conversion Share, subject to adjustment upon the occurrence of certain events including, but not limited to, an alternation of the nominal value of the Shares by reason of any consolidation or subdivision or reclassification, capitalisation issue, capital distribution, offer or grant being made by the Company to Shareholders by way of rights or of options or warrants to subscribe for new Shares and issue of convertible securities by the Company.
Conversion Shares fall to be issued upon full exercise of the conversion rights attaching to the Convertible Bond	:	119,863,013 Shares, which represent approximately 18.75% of the issued share capital of the Company as at the date of this announcement and approximately 15.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon full exercise of the conversion rights attaching to the Convertible Bond. No fractional Conversion Shares will be allotted and issued on the conversion of the Convertible Bond and the amount representing such fraction will be retained by the Company and no payment will be made to the holders of the Convertible Bond in respect of such fraction.
Interest rate	:	Nil.
Maturity Date	:	The date falling on the second anniversary of the Conversion Commencement Date.

Unless previously redeemed or converted or purchased and cancelled as provided in the instrument of the Convertible Bond, any Convertible Bond remaining outstanding after 4:00 p.m. on the Maturity Date shall be automatically converted into Conversion Shares at the then prevailing Conversion Price.

- Redemption price : During the Conversion Period, the Company shall be entitled to redeem any outstanding principal amount of the Bond at 100% of such principal amount in the integral multiple of HK\$5,000,000.
- Early redemption : Upon receipt of the Accumulated Guarantee Certificate where the Accumulated Actual Profit is shown to be less than the Accumulated Profit Guarantee, the Company may at its option pursuant to the terms of the Sale and Purchase Agreement, within 10 Business Days from the date of the Accumulated Guarantee Certificate, early redeem or repurchase at a nominal consideration of HK\$1.00 the Convertible Bond in such principal amount as is equivalent to the Compensation Amount.
- Transferability : The holders of the Convertible Bond shall not at any time prior to the commencement of the Conversion Period directly or indirectly offer for sale, sell, transfer, contract to sell or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, results in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Convertible Bond. During the Conversion Period, the holders of the Convertible Bond may assign or transfer the Convertible Bond to any transferee. The Convertible Bond may be assigned or transferred in whole or in part (in whole multiples of HK\$5,000,000) of its outstanding principal amount. No transfer shall be made to any connected persons (as defined in the Listing Rules) of the Group or parties acting in concert (as defined in Takeovers Code) unless compliance of the Listing Rules and the Takeovers Code has been met (by the transferor, the transferee and the Group).

- Conversion period : The Convertible Bond are not convertible during the Lock-up Period. After the expiration of the Lock-up Period, the holders of the Convertible Bond shall have the right at any time during the Conversion Period to convert the whole or part of the outstanding principal amount of the Convertible Bond into Conversion Shares in amounts of not less than a whole multiple of HK\$5,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Convertible Bond is less than HK\$5,000,000, the whole (but not part only) of the outstanding principal amount of the Convertible Bond may be converted.
- Conversion restrictions : The conversion rights under the Convertible Bond shall only be exercisable so long as (i) each of the holders of the Convertible Bond and its respective parties acting in concert (as defined in the Takeovers Code) will not trigger a mandatory offer under Rule 26 of the Takeovers Code on the part of the holders of the Convertible Bond and its parties acting in concert; and (ii) the holders of the Convertible Bond and its associates (as defined in the Listing Rules) will not render Shares held in public hands being less than the minimum public float of the Shares required under the Listing Rules.
- Voting : The holders of the Convertible Bond will not be entitled to attend or vote at any meetings of the Company by reason only of it being a holder of the Convertible Bond.
- Listing : No application will be made for the listing of the Convertible Bond on the Stock Exchange or any other stock exchange.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued as a result of the exercise of the conversion rights attaching to the Convertible Bond.

Ranking : The Conversion Shares to be allotted and issued as a result of the exercise of the conversion rights attaching to the Convertible Bond will rank pari passu in all respects with the Shares in issue on the relevant conversion date (the “**Conversion Date**”) as if the Conversion Shares issued had been issued on such date and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant Conversion Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be on or before the relevant Conversion Date. A holder of Conversion Shares shall not be entitled to any rights the record date for which precedes the relevant Conversion Date.

BOARD COMPOSITION

The Purchaser has undertaken to procure two persons nominated by the Vendor be nominated by the Company as executive Directors.

SPECIFIC MANDATE

The Directors will allot and issue the Consideration Shares and the Conversion Shares under the Specific Mandates.

GUARANTEE

The Guarantors have agreed to guarantee the Vendor’s performance and obligations under the Sale and Purchase Agreement.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. The Target Company is the sole beneficial owner of the entire issued share capital of Baijin Hong Kong, which in turn is interested in the entire registered and paid up capital of Beijing Baijin. Details of the structure of the Target Group is set out in the paragraph headed “Target Group structure” below.

The Target Group is principally engaged in the provision of (i) skincare solutions through self-transformed skincare brand and mid-to-high end functional skincare products; and (ii) scientific and pharmaceutical research and development services.

Financial information

The financial information of the Target Group is set out below:

	For the year ended 31 December 2021 (audited) RMB	For the year ended 31 December 2022 (audited) RMB
Revenue	10,952,090	18,427,100
Profit/(Loss) before taxation	(4,889,564)	1,481,702
Profit/(Loss) after taxation	(4,902,518)	1,377,034
		As at 30 April 2023 (unaudited) RMB
Total assets		37,850,104
Net assets		23,877,595

Note 1: The Target Company and Baijin Hong Kong, being the holding companies of the Beijing Baijin and its subsidiaries, were incorporated on 29 November 2022 and 16 December 2022 respectively. The Target Company and Baijin Hong Kong recorded no turnover for the period from the incorporation date to 31 December 2022.

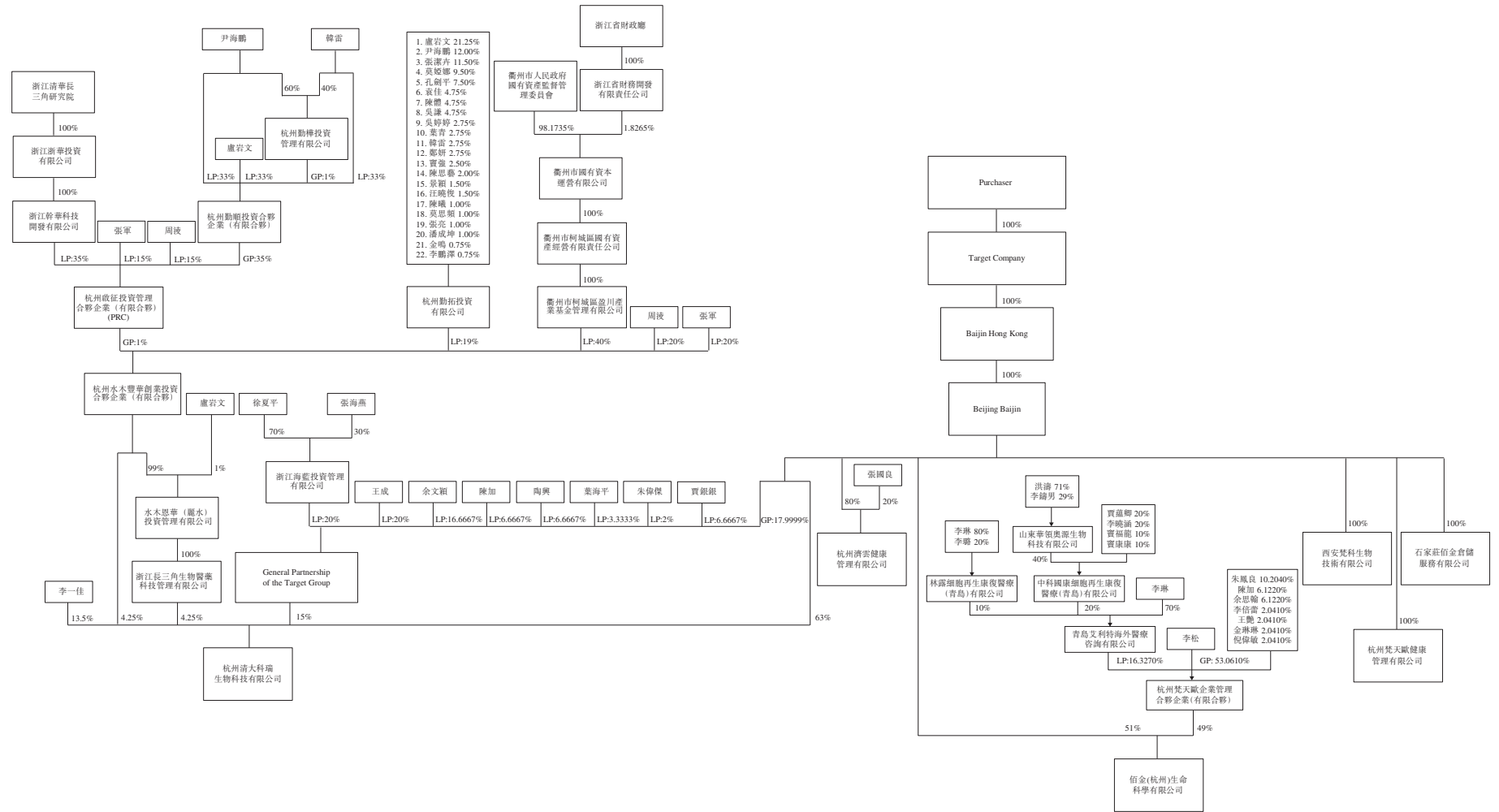
Note 2: The audited financial statements were prepared in accordance with the PRC Generally Accepted Accounting Principles.

After Completion, the Target Group will become subsidiaries of the Company and the financial information of the Target Group will be consolidated into the accounts of the Group.

Target Group structure

The following charts show the group structure of the Target Group and the General Partnership of the Target Group as at the date of this announcement:

Immediately after Completion



REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in (i) the purchase, processing, design, 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 Group is one of the world's largest merchants, purchasers and processors of pearls, with its ultimate customers mainly focusing on female market. Over the years, the market sentiment for pearl and fine jewellery has been weakening. The Group has from time to time been looking for opportunities to leverage its management expertise to expand its existing business to further uncover the potential market of its ultimate female consumers. The management of the Company has identified the Target Group which is principally engaged in the provision of skincare solutions through self-transformed skincare brand and mid-to-high end functional skincare products, as well as provision of scientific and pharmaceutical research and development services.

The Company's management considers that the skincare market has immense potential and there is product crossover between the Group's pearl products and the Target Group's skincare products, one of the synergies being processing pearls to become one of the ingredients in skincare products. The Directors believe that the Acquisition gives the Group an opportunity to expand its existing business both vertically by using the Group's existing pearl products as raw materials for skincare products and horizontally by widening its range of female consumer products extending from pearl and jewellery to skincare products. In view of the profit guarantees provided by the Vendors as mentioned in the paragraph headed "Profit guarantee and adjustments to the consideration of the Acquisition" under the section headed "The Sale and Purchase Agreement" above, the Directors are of the view that the Acquisition would be able to bring positive contribution to the Group if successfully materialised.

Taking into consideration (i) the Acquisition does not create any cash outflow to the Group; (ii) the Accumulated Profit Guarantee provided by the Vendor; (iii) the Consideration Shares and the Convertible Bond will be locked up until the Accumulated Profit Guarantee is achieved, and where it cannot be achieved, the consideration of the Acquisition will be adjusted accordingly; (iv) the reasons for and benefits of the Acquisition as discussed above, the Board (including all the independent non-executive Directors) is of the view that the terms and conditions of the Sale and Purchase Agreement and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and its Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after Completion and allotment and issue of the Consideration Shares; and (iii) immediately after Completion and allotment and issue of the Consideration Shares and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to the Convertible Bond. Shareholders should take note that the analysis under scenario (iii) is shown for illustration purpose only.

Shareholders	As at the date of this announcement		Immediately after Completion and allotment and issue of the Consideration Shares but before conversion of the Convertible Bond		Immediately after Completion and allotment and issue of the Consideration Shares and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to the Convertible Bond	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Pacific Wish Limited (Note 1)	84,088,691	13.15	84,088,691	12.38	84,088,691	10.52
Vendor (Note 2)	—	—	39,954,338	5.88	159,817,351	20.00
Other public Shareholders	<u>555,209,237</u>	<u>86.85</u>	<u>555,209,237</u>	<u>81.74</u>	<u>555,209,237</u>	<u>69.48</u>
	<u>639,297,928</u>	<u>100.00</u>	<u>679,252,266</u>	<u>100.00</u>	<u>799,115,279</u>	<u>100.00</u>

Notes:

- These 84,088,691 Shares were directly owned by Pacific Wish Limited, which are legally and beneficially owned by Mr. Chan Vincent Wing Sing (“**Mr. Chan**”) as to 50% and Ms. Hui Ka Man Emily (“**Ms. Hui**”) as to 50%. As at the date of this announcement, the board of directors of Pacific Wish Limited comprised Mr. Chan and Ms. Hui.
- The numbers are hypothetical and for illustration purpose only as the conversion of the Convertible Bond is subject to the conversion restrictions set out under the section headed “The Convertible Bond” above and may be subject to the fulfillment of the Accumulated Profit Guarantee and the completion adjustment (if any) set out under the paragraph headed “Profit guarantees and adjustments to the consideration of the Acquisition” under the section headed “The Sale and Purchase Agreement”.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction 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.

EGM

An EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Acquisition and the transactions contemplated thereunder, including the issue of the Consideration Shares, the Convertible Bond and the Conversion Shares. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Vendor and its associates do not hold any Shares and no Shareholders and their associates have a material interest in the Acquisition, and thus no Shareholder is required to abstain from voting on the resolutions in respect of the Sale and Purchase Agreement and the Specific Mandate at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, details of the Acquisition and the transactions contemplated thereunder and the notice of the EGM will be despatched to the Shareholders on or before 20 July 2023.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment of the condition precedent under the Sale and Purchase Agreement, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Accumulated Actual Profit”	the Audited Consolidated Net Profit for two years ending 31 December 2024 as set out in the Accumulated Guarantee Certificate
“Accumulated Guarantee Certificate”	a certificate to be issued by the auditors of the Company by 28 February 2025 to certify the amount of the Audited Consolidated Net Profit (or actual loss (if applicable)) of the Target Group for the two years ending 31 December 2024
“Accumulated Profit Guarantee”	the Audited Consolidated Net Profits in the amount of HK\$21.05 million for the 2 years ending 31 December 2024 as guaranteed by the Guarantors pursuant to the terms of the Sale and Purchase Agreement
“Acquisition”	the acquisition of the Sale Share by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed thereto in the Listing Rules

“Audited Consolidated Net Profit”	the audited consolidated net profit after tax and any extraordinary items and unusual items of the Target Group to be determined under IFRS issued by the International Accounting Standards Board and the related interpretation of those standards
“Baijin Hong Kong”	Baijin Hong Kong Limited (佰金香港有限公司), a company incorporated in Hong Kong with limited liability, being a direct wholly-owned subsidiary of the Target Company and the holding company of Beijing Baijin and its subsidiaries
“Beijing Baijin”	Beijing Baijin Biotechnology Company Limited* (北京佰金生物科技有限公司), a company incorporated in the PRC with limited liability, being an indirect wholly-owned subsidiary of the Target Company
“Board”	the board of Directors
“Business Day”	day (other than a Saturday and Sunday) on which licensed banks in Hong Kong are open for general business
“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 (stock code: 1466)
“Compensation Confirmation”	the confirmation to be issued by the Purchaser pursuant to the terms of the Sale and Purchase Agreement, confirming the cash receipt and/or the Company’s redemption or repurchase of the Convertible Bond in relation to the Compensation Amount
“Completion”	the completion of the Acquisition
“Completion Date”	the date of the Completion
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration Share(s)”	39,954,338 new Shares to be allotted and issued to the Vendor by the Company upon Completion as part payment of the consideration of the Acquisition
“Conversion Commencement Date”	(i) (where the Accumulated Actual Profit is equivalent to or exceeds the Accumulated Profit Guarantee) the date of the Accumulated Guarantee Certificate; or (ii) (where the Accumulated Actual Profit is less than the Accumulated Profit Guarantee) the date of the Compensation Confirmation

“Conversion Period”	the period commencing from the Conversion Commencement Date and ending on the Maturity Date
“Conversion Price”	HK\$0.2628, being the initial conversion price per Share at which the Convertible Bond may be converted into Shares
“Conversion Share(s)”	Share(s) to be issued upon exercise of the conversion rights attaching to the Convertible Bond
“Convertible Bond”	the non-listed convertible bond in the principal amount of HK\$31.5 million to be issued by the Company to the Vendor to satisfy part payment of the consideration under the Sale and Purchase Agreement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder, including the issue of the Consideration Shares, the Convertible Bond and Conversion Shares
“Enlarged Group”	the Group upon the Completion
“General Partnership of the Target Group”	Hangzhou Qingda Kequi Corporate Management Partnership (Limited Partnership)* (杭州清大科瑞企業管理合夥企業(有限合夥)), (i) a limited partnership of which Beijing Baijin is a GP holding approximately 17.9999%; and (ii) a shareholder holding 15% of Hangzhou Qingda Kequi Biological Technology Company Limited* 杭州清大科瑞生物科技有限公司 (being an indirect non-wholly owned subsidiary of the Target Company)
“GP”	general partner
“Group”	the Company and its subsidiaries
“Guarantor(s)”	certain shareholders of the Vendor, being Mr. Su Yaoyao, Ms. Pan Yidan, Mr. Shang Xiaonan, Mr. Xu Xiaping, Ms. Hu Dongbing, Ms. Zhang Meng, Mr. Ding Tianjiao, Mr. Li Song, Mr. Li Yijia, Ms. Yu Wenying, Ms. Chen Jia, Ms. Zhang Ying, Ms. Xie Chunchen, Mr. Yin Guoliang, Mr. Sun Jingrui, Mr. Shi Lei, Ms. Lei Qiuji, Mr. Liang Ziyang, Mr. Wang Yubao, Mr. Yao Zhiquan, Mr. Jiang Tao, Ms. Chen Yu, Mr. Cao Lei, Mr. Song Hongqiang, Mr. Shen Jie and Mr. Zhang Wenjin
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Group and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LP”	limited partner
“Lock-up Period”	the period commencing from the Completion Date and ending on the Conversion Commencement Date
“Long Stop Date”	31 December 2023 or such other date as may be agreed by the Purchaser in writing
“Maturity Date”	the second anniversary of the Conversion Commencement Date
“Memorandum”	the non-legally binding memorandum of understanding dated 11 August 2022 (as supplemented by the supplemental memorandum of understanding dated 10 November 2022) setting out the preliminary understanding in relation to the possible acquisition of equity interest in the Target Group
“MOU Announcements”	the announcements of the Company dated 11 August 2022 and 10 November 2022 in respect of the Memorandum
“Purchaser”	Eminent Affluent Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company
“RMB”	renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 June 2023 entered into among the Purchaser, the Vendor, the Ultimate Beneficial Owners and the Guarantors in respect of the Acquisition
“Sale Share”	1 issued share of the Target Company, representing the entire issued share capital of the Target Company
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)

“Specific Mandate”	the specific mandate to be obtained by the Board from the Shareholders at the EGM for the allotment and issue of the Consideration Shares and the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Tonnett Julis Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiaries
“Ultimate Beneficial Owners”	the ultimate beneficial owners of the Vendor, being Mr. Su Yaoyao, Ms. Pan Yidan, Mr. Shang Xiaonan, Mr. Xu Xiaping, Ms. Zhang Ying, Mr. Yin Guoliang, Ms. Xie Chunchen, Mr. Sun Jingrui, Mr. Li Yijia, Mr. Shi Lei, Ms. Lei Qiuju, Ms. Liang Ying, Ms. Zhu Lin, Mr. Liang Ziyang, Ms. Liu Jing, Ms. Qian Yaping, Ms. Xiao Liang, Mr. Wang Yubao, Mr. Yao Zhiquan, Ms. Hu Dongbing, Mr. Guo Xu, Ms. Zhang Meng, Ms. Yu Wenyong, Ms. Ding Rui, Ms. Zhang Shuiping, Mr. Wang Cheng, Mr. Zhang Guoliang, Ms. Guo Yun, Mr. Jiang Tao, Ms. Chen Yu, Mr. Cao Lei, Mr. Song Hongqiang, Mr. Shen Jie, Mr. Zhang Wenjin, Ms. Wang Ling, Ms. Feng Ying, Mr. Ding Tianjiao, Mr. Li Song, Mr. Chen Bokang, Ms. Chen Jia and Ms. Jia Yinyin
“Vendor”	Ketto Inform Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent

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

Hong Kong, 29 June 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. Wong Siu Keung Joe and Mr. Chang Chunyu as independent non-executive Directors.