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ASCENT INTERNATIONAL HOLDINGS LIMITED

中壘國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 264)

DISCLOSEABLE TRANSACTION IN RELATION TO SUBSCRIPTION SHARES IN EASTATION GALLERY (HK) LIMITED

THE JOINT VENTURE AGREEMENT

The Board is pleased to announce that on 23 January 2018 (after trading hours), Elite Ascent, a direct wholly-owned subsidiary of the Company, Ms. Leung, Jubilee Ventures and the JV Company entered into the Joint Venture Agreement, pursuant to which Elite Ascent has agreed to subscribe for 300 JV Shares (which represents 30% of the enlarged issued share capital in the JV Company following completion of the Subscriptions) at a total subscription price of HK\$20 million.

Following completion of the Subscriptions which took place immediately following the execution of the Joint Venture Agreement, the JV Company would be accounted for as a joint venture of the Group. The Elite Ascent Subscription was funded by the Group's internal resources.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Elite Ascent Subscription exceed 5% but are below 25%, the Elite Ascent Subscription constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 23 January 2018 (after trading hours), Elite Ascent, a direct wholly-owned subsidiary of the Company, Ms. Leung, Jubilee Ventures and the JV Company entered into the Joint Venture Agreement, pursuant to which Elite Ascent has agreed to subscribe for 300 JV Shares (which represents 30% of the enlarged issued share capital in the JV Company following completion of the Subscriptions) at a total subscription price of HK\$20 million.

The major terms of the Joint Venture Agreement are summarised below:

JOINT VENTURE AGREEMENT

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| Date: | 23 January 2018 (after trading hours) |
| Parties: | (1) Ms. Leung Shuk Ching, (“ Ms. Leung ”); (2) Elite Ascent Investments Limited (“ Elite Ascent ”), a direct wholly-owned subsidiary of the Company; (3) Jubilee Ventures International Limited (“ Jubilee Ventures ”); and (4) Eastation Gallery (HK) Limited (the “ JV Company ”) |
| Number of JV Shares agreed to be subscribed and the relevant subscription price: | Pursuant to the Joint Venture Agreement, Ms. Leung, Elite Ascent and Jubilee Ventures shall subscribe for 489, 300 and 200 JV Shares respectively at the total subscription price of HK\$32,600,000, HK\$20,000,000 and HK\$13,333,333 respectively. The consideration payable by Elite Ascent shall be satisfied in cash, while the consideration payable by Ms. Leung and Jubilee Ventures shall be satisfied by the assignment of the ownership of the Artworks from Ms. Leung to the JV Company at the consideration of HK\$45,933,333. The Elite Ascent Subscription was funded by the Group’s internal resources. Based on the valuation from an independent valuer, the estimated market value of the Artworks shall be HK\$90,000,000. |
| Completion of the Subscriptions: | Completion of the Subscriptions has taken place immediately following the execution of the Joint Venture Agreement. Following completion of the Subscriptions, the JV Company would be accounted for as a joint venture of the Group. |
| Principal business of the JV Company: | The principal business of the JV Company is consultation and trading of artworks and the operating of an art gallery in Hong Kong. |

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| Board composition of the JV Company: | The board of directors of the JV Company will consist of no more than four (4) directors. Ms. Leung and Jubilee Ventures are entitled to jointly appoint a maximum of two (2) directors, while Elite Ascent is entitled to appoint a maximum of two (2) directors respectively. The chairman of the board of directors of the JV Company shall be appointed by Ms. Leung, while and the financial controller of the JV Company shall be appointed by Elite Ascent. |
| Matters which requires unanimous consent of the JV Partners: | Unanimous consent of all JV Partners would be required for certain matters of the JV Company and its subsidiaries, including without limitation alteration of names, alteration of articles of association, alteration of the equity or loan capital, change in nature or scope of business or dividend policy, acquisition or disposal of any business or asset, change of auditors financial year end or accounting policies, passing of any resolutions to wind up or liquidate the JV Company or its subsidiaries and the provision of external guarantee. |

INFORMATION OF THE JV COMPANY AND THE JV PARTNERS

The Target Company is a company incorporated in Hong Kong on 7 February 2012 with limited liability. The Target Company is principally engaged in consultation and trading of artworks and the operating of an art gallery in Hong Kong. Immediately before the entering into of the Joint Venture Agreement, the JV Company has an issued and paid up capital of approximately HK\$3.2 million divided into 11 JV Shares, all of which are legally and beneficially owned by Ms. Leung. Immediately following the Subscriptions, the JV Company is owned as to 50% by Ms. Leung, 30% by Elite Ascent and 20% by Jubilee Ventures.

Jubilee Ventures is a company incorporated in BVI with limited liability and is principally engaged in investment holding. Jubilee Ventures is wholly owned by Ms. Fu Liping. Ms. Leung and Jubilee Ventures are parties acting in concert. To the best of the Directors' knowledge, information and belief having made reasonable enquiries, each of Ms. Leung, Jubilee Ventures and its ultimate beneficial owner(s) is an Independent Third Party.

Pursuant to the Joint Venture Agreement, the JV Company shall establish the WFOE Company following completion of the Subscriptions with a registered capital of RMB15 million (equivalent to approximately HK\$18.2 million). The WFOE will be principally engaged in the consultation, sales, auction and repair of artworks. The registered capital of the WFOE Company will be funded by the proceeds received by the JV Company from the Subscriptions.

Set out below is a summary of the key financial data of the JV Company based on the audited accounts of the JV Company for the year ended 31 March 2016 and the unaudited management accounts of the JV Company for the year ended 31 March 2017 and for the nine months ended 31 December 2017 which were prepared in accordance with the generally accepted accounting principles in Hong Kong:

| | For the year ended 31 March 2016 | For the year ended 31 March 2017 | For the nine months ended 31 December 2017 |
|---|---|---|---|
| | (audited) | (unaudited) | (unaudited) |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | 2,113 | 1,732 | 1,190 |
| Profit/(loss) before and after taxation | (299) | 106 | 404 |

The unaudited consolidated net asset value of the JV Company as at 31 December 2017 was approximately HK\$708,697.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE JOINT VENTURE AGREEMENT

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 April 2002 and the Shares of which have been listed on the Main Board of the Stock Exchange since 12 March 2003. The Group is a Hong Kong-based investment holding company principally engaged in leather products-related businesses, and mainly operates through two segments. The manufacturing segment is engaged in the manufacture and distribution of leather products, and the retail segment is engaged in the retailing of fashion apparel, footwear and leather accessories.

Given the continuous loss making of the manufacturing and retail segment, the Company is striving to improve its business operations and financial position by proactively seeking potential investment opportunities that can diversify the Company's existing business portfolio, broaden its source of income, and enhance value to its shareholders. The formation of the JV Company is with an intention to expand and diversify the business segments of the Company. Upon completion of the Subscriptions, Mr. Tian Kai ("**Mr. Tian**"), being nominated by Ms. Leung and Jubilee Ventures, will be appointed as a director and the chairman of the JV Company. Mr. Tian holds a bachelor of art degree from the Department of Arts History, China Central Academy of Fine Arts and a master of art degree from the Department of Arts History, Tsinghua University. Mr. Tian is a well-known art dealer and consultant in China and with over 15 years' experience in artworks dealing and consultation, artworks auctions and artwork gallery management, especially in the contemporary modern art segment.

The formation of the JV Company enables the Company to take competitive advantages of channels and resources of Mr. Tian and the JV Partners, which can broaden the source of income and enhance the value to the shareholders of the Company.

In light of the above, the Directors are of the view that the terms of the Joint Venture Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Elite Ascent Subscription exceed 5% but are below 25%, the Elite Ascent Subscription constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

In this announcement, unless the context otherwise requires, the terms used herein shall have the following meanings:

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| “Artworks” | the 18 oil paintings namely “Battlefield Realism: The Eighteen Arhats (Set of Eighteen)” created by Liu Xiaodong and beneficially owned by Ms. Leung |
| “Board” | Board of Directors |
| “BVI” | the British Virgin Islands |
| “Company” | Ascent International Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange |
| “Director(s)” | the director(s) of the Company |
| “Elite Ascent” | Elite Ascent Investments Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company |
| “Elite Ascent Subscription” | the subscription of 300 JV Shares by Elite Ascent as contemplated under the Joint Venture Agreement |
| “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 PRC |
| “Independent Third Party(ies)” | any person(s) or company(ies) and their respective ultimate beneficial owner(s) are third parties independent of and not connected with the Group and its connected persons in accordance with the Listing Rules |
| “Joint Venture Agreement” | the joint venture agreement dated 23 January 2018 entered into between Ms. Leung, Elite Ascent, Jubilee Ventures and the JV Company in relation to the Subscriptions |
| “Jubilee Ventures” | Jubilee Ventures International Limited, a company incorporated in BVI with limited liability |

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|-------------------------|---|
| “JV Company” | Eastation Gallery (HK) Limited, a company incorporated in Hong Kong with limited liability |
| “JV Partner(s)” | collectively, Ms. Leung, Elite Ascent and Jubilee Ventures, or any combination of them |
| “JV Share(s)” | ordinary share(s) in the capital of the JV Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Ms. Leung” | Ms. Leung Shuk Ching |
| “PRC” | the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscriptions” | (i) in respect of each JV Partner, its/her subscription for such number of JV Shares at the subscription price as provided under the Joint Venture Agreement, and (ii) collectively, the subscriptions by the JV Partners for the JV Shares pursuant to the Joint Venture Agreement |
| “WFOE Company” | a wholly foreign-owned enterprise to be established in the PRC with limited liability and wholly owned by the JV Company |
| “%” | per cent. |

For ease of reference and unless otherwise specified in this announcement, sums in HK\$ and RMB in this announcement have been translated at the rate RMB1 = HK\$1.21. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.

By Order of the Board
Ascent International Holdings Limited
Li Wei
Chairman

Hong Kong, 23 January 2018

As at the date of this announcement, the Board comprises one executive Director, namely Ms. Li Wei; one non-executive Director, namely Mr. Lui Kwok Wai; and four independent non-executive Directors, namely Mr. Cheng Shing Hay, Mr. Yau Pak Yue, Mr. Wong Kon Man Jason and Mr. Shen Xiao.