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## **ASCENT INTERNATIONAL HOLDINGS LIMITED**

**中璽國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 264)**

### **(1) TERMINATION OF CONTINUING CONNECTED TRANSACTION; AND (2) DISCLOSEABLE AND EXEMPTED CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE EQUITY INTEREST IN LEISURE STATE LIMITED**

#### **TERMINATION OF CONTINUING CONNECTED TRANSACTION**

Reference is made to the Announcements in relation to the Framework Property Management Services Agreement (as supplemented by the Supplemental Agreement).

On 4 September 2017 (after trading hours), Zhongxi Property Management, entered into the Termination Agreement with Zhonghong to terminate the Framework Property Management Services Agreement (as supplemented by the Supplemental Agreement) with effect from 4 September 2017.

Since the continuing connected transactions contemplated under the Framework Property Management Services Agreement are to be terminated, the Company is subject to the announcement requirement under the Note to Rule 14A.35 of the Listing Rules.

## **THE DISPOSAL**

The Board is pleased to announce that on 4 September 2017 (after trading hours), the Company as the vendor and the Purchaser, a wholly-owned subsidiary of Zhonghong, as the purchaser entered into the Disposal Agreement, pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of HK\$1.

Following Completion, the Target Group ceased to be subsidiaries of the Company.

## **LISTING RULES IMPLICATIONS**

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

As at the date of this announcement, the Purchaser is wholly-owned by Zhonghong, which indirectly owns 229,948,000 Shares, representing approximately 66.10% of the issued share capital of the Company. Accordingly, the Purchaser is a connected person of the Company under the Listing Rules and the Disposal shall constitute a connected transaction on the part of the Company under the Listing Rules. As all the percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal are less than 25% and the Consideration is less than HK\$10,000,000, the Disposal is subject to reporting and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **TERMINATION OF CONTINUING CONNECTED TRANSACTION**

Reference is made to the Announcements in relation to the Framework Property Management Services Agreement (as supplemented by the Supplemental Agreement).

On 4 September 2017 (after trading hours), Zhongxi Property Management, entered into the Termination Agreement with Zhonghong to terminate the Framework Property Management Services Agreement (as supplemented by the Supplemental Agreement) with effect from 4 September 2017. Upon such termination, both parties shall release each other from all liabilities and obligations under the Framework Property Management Services Agreement. No party is required to pay any penalty or compensation to the other party in respect of such termination and no party has any claim against the other party arising from such termination.

The Framework Property Management Services Agreement (as supplemented by the Supplemental Agreement) was terminated in view of the Disposal.

The Board believes that entering into the Termination Agreement will not cause any material adverse impacts to the Group's business and operational activities.

The Directors (including the independent non-executive Directors) consider that the Termination Agreement was entered into in the ordinary and usual course of business of the Group after negotiations on arm's length basis. The terms and conditions of the Termination Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since the continuing connected transactions contemplated under the Framework Property Management Services Agreement (as supplemented by the Supplemental Agreement) are to be terminated, the Company is subject to the announcement requirement under the Note to Rule 14A.35 of the Listing Rules.

## **THE DISPOSAL**

The Board is pleased to announce that on 4 September 2017 (after trading hours), the Company as the vendor and the Purchaser as the purchaser entered into the Disposal Agreement, pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of HK\$1.

## **THE DISPOSAL AGREEMENT**

Date: 4 September 2017 (after trading hours)

Parties: (1) the Company, as vendor; and  
(2) Ocean Sound Enterprises Limited, as purchaser.

The Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Purchaser is wholly-owned by Zhonghong, which indirectly owns 229,948,000 Shares, representing approximately 66.10% of the issued share capital of the Company. The Purchaser is therefore a connected person of the Company. Mr. Wu David Hang, the Chairman and an executive Director of the Company, is a director of the Purchaser as at the date of this announcement.

## **Subject matter**

Pursuant to the Disposal Agreement, the Company should sell as beneficial owner and the Purchaser should purchase the Sale Shares. The Sale Shares, representing the entire issued share capital of the Target Company, would be sold free from all Encumbrances together with all rights now and hereafter attaching thereto including but not limited to all dividends to be paid, declared or made in respect thereof at any time on or after Completion.

## **Consideration**

The aggregate Consideration for the sale and purchase of the Sale Shares was HK\$1, which has been paid by the Purchaser to the Company in cash at Completion.

The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser on normal commercial terms by taking into account (i) the net liability of HK\$4,878,000 and the accumulated loss of the Target Group as of 30 June 2017; and (ii) the reasons for the Disposal as discussed in the paragraph headed "Reasons for entering into the Disposal Agreement" in this announcement.

Having considered the above factors, the Directors (including the independent non-executive Directors) consider that the Consideration, which was arrived at after arm's length negotiations, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## **Completion**

Completion has taken place immediately after the execution of the Disposal Agreement.

Following Completion, the Target Group ceased to be subsidiaries of the Company.

## **INFORMATION ON THE TARGET GROUP**

The Target Company is a company incorporated in the BVI with limited liability, which is principally engaged in investment holding.

The Target company indirectly owns the entire equity interest in Zhonghong Cultural Recreations, a company incorporated in Hong Kong and is principally engaged in investment holding, which in turn owns the entire equity interest in Zhongxiwen Business Travel, which in turn owns the entire equity interest in Zhongxiwen Business Management, Zhongxi Property Management, Zhongxi Elderly Care, Zhongxi Theme Park Management and Zhongxi Hotel Management. The Target Group principally engages in property management services, elderly care service, theme park and hotel management services in the PRC.

Set out below is a summary of the key financial data of the Target Group for the period ended from 21 January 2016 (the date on which the Company acquired the Target Company as a shelf company) to 31 December 2016 and for the six months ended 30 June 2017 which were prepared in accordance with the generally accepted accounting principles in Hong Kong:

	<b>For the period from 21 January 2016 to 31 December 2016 (<i>unaudited</i>) HK\$'000</b>	<b>For the six months ended 30 June 2017 (<i>unaudited</i>) HK\$'000</b>
Revenue	Nil	9,435
Net loss before tax	2,925	2,339
Net loss after tax	2,925	2,339

As at 30 June 2017, the unaudited consolidated net liability of the Target Group based on the unaudited financial statements of the Target Group prepared in accordance with the generally accepted accounting principles in Hong Kong was approximately HK\$4,878,000.

#### **FINANCIAL EFFECT OF THE DISPOSAL**

Upon Completion, the Group ceased to have any interests in the Target Group, and the financial results of the Target Group will no longer be consolidated in the financial statements of the Group.

#### **GAIN OR LOSS ATTRIBUTABLE TO THE DISPOSAL**

Based on the preliminary assessment on the unaudited combined financial information of the Target Group, the Group will record a gain (net of related expenses) of approximately HK\$4.78 million as a result of the Disposal which is calculated by reference to the net liability of the Target Group. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the auditors of the Company. It is expected that there will not be any net proceeds from Disposal taking into account of the related expenses (including legal expenses) for the Disposal.

## **REASONS FOR ENTERING INTO THE DISPOSAL AGREEMENT**

The Company is an investment holding company. The Group is engaged in manufacturing and distribution of leather products and retail of fashion apparel, footwear and leather accessories and provision of property management services in the PRC.

The Company is constantly evaluating the sustainability of profit of its investments and reorganize the resources in order to generate more value for the Shareholders. As the Target Group has continued to incur loss since the commencement of its business and the management of the Company expects that the Target Group has difficulty in securing new business with third-party customers in the near future, the Company considers that the continuance of the Target Group's business will hinder the development and resource allocation of the Company.

Having considered the factors as mentioned above, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The termination will not cause any material adverse impact on the existing business, operation or financial condition of the Group.

Mr. Wu David Hang, the Chairman and an executive Director of the Company who is also a director of the Purchaser, is deemed to have a material interest in the transactions contemplated under the Disposal Agreement and had abstained from voting on the relevant Board resolutions for approving the Disposal Agreement and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

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

As at the date of this announcement, the Purchaser is wholly-owned by Zhonghong, which indirectly owns 229,948,000 Shares, representing approximately 66.10% of the issued share capital of the Company. Accordingly, the Purchaser is a connected person of the Company under the Listing Rules and the Disposal shall constitute a connected transaction on the part of the Company under the Listing Rules. As all the percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal are less than 25% and the total consideration is less than HK\$10,000,000, the Disposal is subject to reporting and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Announcements”	the announcements of the Company dated 28 March 2017, 20 April 2017, 19 May 2017, 21 June 2017 and 19 July 2017 in relation to the Framework Property Management Services Agreement (as supplemented by the Supplemental Agreement)
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which the licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	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
“Completion”	completion of the Disposal which took place immediately after the execution of the Disposal Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$1 paid by the Purchaser to the Company for the sale and purchase of the Sale Shares under the Disposal Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms of the Disposal Agreement
“Disposal Agreement”	the conditional sale and purchase agreement dated 4 September 2017 and entered into between the Purchaser and the Company in relation to the Disposal
“Encumbrances”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale and purchase or sale and leaseback arrangement whatsoever nature and includes any agreement for any of the same

“Framework Property Management Services Agreement”	the framework property management services agreement dated 28 March 2017 (as amended and supplemented by the Supplemental Agreement) and entered into between Zhonghong and Zhongxi Property Management in relation to the provision of property management services, details of which were set out in the Announcements
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding (except where the context requires) Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Ocean Sound Enterprises Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Zhonghong
“Sale Shares”	50,000 ordinary shares of US\$1.00 each in the share capital of the Target Company owned by the 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 issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 19 May 2017 and entered into between Zhongxi Property Management and Zhonghong in relation to certain amendments to the Framework Property Management Services Agreement
“Target Company”	Leisure State Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Termination Agreement”	the termination agreement dated 4 September 2017 entered into between Zhonghong and Zhongxi Property Management in relation to termination of the Framework Property Management Services Agreement (as amended and supplemented by the Supplemental Agreement)



“Zhonghong”	中弘控股股份有限公司 (Zhonghong Holding Co., Limited#), a joint stock company established under the laws of the PRC with limited liability, the shares of which are quoted on the Shenzhen Stock Exchange (Stock code: 000979.SZ)
“Zhonghong Cultural Recreations”	中弘文商旅控股有限公司 (Zhonghong Cultural Recreation Holdings Limited), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
“Zhongxi Elderly Care”	中璽養老服務管理有限公司 (Zhongxi Elderly Care Services Management Company Limited#), a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of Zhongxiwen Business Travel
“Zhongxi Hotel Management”	中璽酒店管理有限公司 (Zhongxi Hotel Management Company Limited#), a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of Zhongxiwen Business Travel
“Zhongxi Property Management”	中璽物業管理有限公司 (Zhongxi Property Management Company Limited#), a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of Zhongxiwen Business Travel
“Zhongxi Theme Park Management”	中璽主題公園管理有限公司 (Zhongxi Theme Park Management Company Limited#), a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of Zhongxiwen Business Travel
“Zhongxiwen Business Management”	中璽文商旅商業運營管理有限公司 (Zhongxiwen Business Travel Business Operation and Management Company Limited #), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Zhongxiwen Business Travel
“Zhongxiwen Business Travel”	中璽文商旅有限公司 (Zhongxiwen Business Travel Company Limited#), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Zhonghong Cultural Recreations

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“US\$” United States dollars, the lawful currency of the United States of America

# *The English translation or transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).*

By Order of the Board  
**Ascent International Holdings Limited**  
**Wu David Hang**  
*Chairman*

Hong Kong, 4 September 2017

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wu David Hang and Mr. Hou Jian; one non-executive Director, namely Mr. Lui Kwok Wai; and three independent non-executive Directors, namely Mr. Wong Yik Chung John, Mr. Ernst Rudolf Zimmermann and Mr. Ng Man Fai, Matthew.*