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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)**

## **SUPPLEMENTAL AGREEMENT IN RELATION TO THE CONTINUING CONNECTED TRANSACTION**

### **SUPPLEMENTAL AGREEMENT**

Reference is made to the announcements of Ascent International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 March 2017 and 20 April 2017 (the “**Announcements**”) in relation to the Framework Property Management Services Agreement. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless otherwise stated.

The Board announces that on 19 May 2017 (after trading house), Zhongxi Property Management and Zhonghong entered into a supplemental agreement (the “**Supplemental Agreement**”) to make certain amendments to the Framework Property Management Services Agreement.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Zhonghong, which indirectly owns 66.10% of the issued share capital of the Company, is a controlling Shareholder. Accordingly, Zhonghong is a connected person of the Company and the entering into of the Supplemental Agreement constitutes a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the transactions contemplated under the Supplemental Agreement exceeds 25%, the continuing connected transaction contemplated under the Supplemental Agreement is subject to reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The EGM will be convened at which a resolution will be proposed to seek the Independent Shareholders' approval of the Supplemental Agreement and the transactions contemplated thereunder (including but not limited to the revised annual caps).

A circular containing, among other matters, (i) further details of the Framework Property Management Services Agreement (as supplemented by the Supplemental Agreement); (ii) the letter from an independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders; and (iv) a notice to convene the EGM will be despatched to the Shareholders on or before 21 June 2017.

Reference is made to the announcements of Ascent International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 28 March 2017 and 20 April 2017 (the "**Announcements**") in relation to the Framework Property Management Services Agreement. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless otherwise stated.

The Board announces that on 19 May 2017 (after trading house), Zhongxi Property Management and Zhonghong entered into a supplemental agreement (the "**Supplemental Agreement**") to make certain amendments to the Framework Property Management Services Agreement.

## **THE SUPPLEMENTAL AGREEMENT**

The principal terms of the Supplemental Agreement are summarized as follows:

Date: 19 May 2017 (after trading hours)

Parties: (a) Zhongxi Property Management; and

(b) Zhonghong

### **Terms amended:**

Relevant Period: From 1 January 2017 to 31 December 2018 (instead of from 1 January 2017 to 30 June 2017)

Effective Date: The Supplemental Agreement shall become effective from the date on the passing of the ordinary resolution by the Shareholders (the "**Independent Shareholders**") (other than Zhonghong and its associates) who are not prohibited under the Listing Rules from voting at the extraordinary general meeting (the "**EGM**") of the Company to approve the Supplemental Agreement and the transactions contemplated thereunder including the revised annual caps.

Annual caps: The proposed revised annual caps for the transactions contemplated under the Framework Property Management Services Agreement for the year ended 31 December 2017 and 31 December 2018 is RMB19,000,000 (equivalent to approximately HK\$21,850,000) and RMB22,600,000 (equivalent to approximately HK\$25,990,000) respectively (instead of RMB8,800,000 (equivalent to approximately HK\$9,900,000) for the year ended 31 December 2017).

The proposed revised annual caps are based on (i) the fees for the provision of property management services by Zhongxi Property Management to the Zhonghong Group commenced on 1 January 2017 which are subject to the terms of existing individual property management services agreements entered into between different branch companies of Zhongxi Property Management and different project companies of the Zhonghong Group, setting out the specific terms including scope of services, services fees and payment terms; (ii) the expected new projects between different branch companies of Zhongxi Property Management and project companies of the Zhonghong Group; and (iii) the estimated increase in services fees charged by Zhongxi Property Management for the provision of property management services from 1 January 2018 to 31 December 2018. The Zhongxi Property Management Group did not provide any services to the Zhonghong Group for the year ended 31 December 2016.

Save as amended by the Supplemental Agreement as stated above, all other terms and conditions of the Framework Property Management Services Agreement remain unchanged.

## **HISTORICAL TRANSACTION AMOUNTS**

The Zhongxi Property Management Group did not provide any services to the Zhonghong Group for the year ended 31 December 2016. For the four months ended 30 April 2017, the services fees charged by the Zhongxi Property Management Group for the property management services provided to the Zhonghong Group amounted to RMB5,322,375 (equivalent to approximately HK\$6,120,732). The Board confirmed that, as at the date of this announcement, the aggregate amounts of the services fees charged by the Zhongxi Property Management Group for the property management services for the four months ended 30 April 2017 did not exceed the annual cap for the year ended 31 December 2017 under the Framework Property Management Services Agreement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL 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.

Zhongxi Property Management is a company established in the PRC with limited liability and is principally engaged in the provision of property management services in the PRC. As at the date of this announcement, Zhongxi Property Management is wholly-owned by the Company.

The Zhonghong Group currently has property projects in various cities and provinces in the PRC including Beijing, Jilin, Zhejiang, Shandong and Hainan.

After Zhonghong became the controlling shareholders of the Company, the Company intends to develop brand management business which includes property management services and look for the related business opportunities. The management views that the Framework Property Management Services Agreement (as supplemented by the Supplemental Agreement) is a good stepping stone for the Company to enter into the property management sector and establish its brand and reputation in this area. Having considered the factors as mentioned above and the results of the transactions for the first quarter of 2017, the Directors (excluding the independent Non-executive Directors who will provide their view after considering the advice of the independent financial adviser) are of the view that the Framework Property Management Services Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder (including the annual cap) are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Zhonghong, which indirectly owns 66.10% of the issued share capital of the Company, is a controlling Shareholder. Accordingly, Zhonghong is a connected person of the Company and the entering into of the Supplemental Agreement constitutes a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the transactions contemplated under the Supplemental Agreement exceeds 25%, the continuing connected transaction contemplated under the Supplemental Agreement is subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The EGM will be convened at which a resolution will be proposed to seek the Independent Shareholders' approval of the Supplemental Agreement and the transactions contemplated thereunder (including but not limited to the revised annual caps).

Zhonghong, which has a material interest in the Supplemental Agreement, and its associates are required to abstain from voting on the proposed resolution to approve the Supplemental Agreement and the transactions contemplated thereunder (including but not limited to the revised annual caps) at the EGM. Save for the aforesaid and to the best knowledge of the Company, as at the date of this announcement, no other Shareholder has material interest in the Supplemental Agreement and therefore no other Shareholder is required to abstain from voting on the proposed resolution to approve the Supplemental Agreement and the transactions contemplated thereunder (including but not limited to the revised annual caps) at the EGM.

An independent board committee (the “**Independent Board Committee**”) comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the Supplemental Agreement and the transactions contemplated thereunder (including the revised annual caps) are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole, and as to how to vote on the proposed resolution to approve the Supplemental Agreement and the transactions contemplated thereunder (including the revised annual caps) at the EGM. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other matters, (i) further details of the Framework Property Management Services Agreement (as supplemented by the Supplemental Agreement); (ii) the letter from an independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders; and (iv) a notice to convene the EGM will be despatched to the Shareholders on or before 21 June 2017.

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

Hong Kong, 19 May 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.*

*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 RMB1.0 = HK\$1.15. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.*