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**Waterfront Holding Group Co., Ltd.**

*(Incorporated in the British Virgin Islands with limited liability)*

**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)**

## **JOINT ANNOUNCEMENT**

- (I) COMPLETION OF THE TRANSFER OF SALE SHARES  
IN ASCENT INTERNATIONAL HOLDINGS LIMITED;  
(II) MANDATORY UNCONDITIONAL CASH OFFER BY  
LEGO SECURITIES LIMITED  
FOR AND ON BEHALF OF  
WATERFRONT HOLDING GROUP CO., LTD.  
TO ACQUIRE ALL THE ISSUED SHARES IN  
ASCENT INTERNATIONAL HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
OR TO BE ACQUIRED BY  
WATERFRONT HOLDING GROUP CO., LTD.  
AND PARTIES ACTING IN CONCERT WITH IT);  
(III) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER;  
AND  
(IV) RESUMPTION OF TRADING**

**Financial adviser to Waterfront Holding Group Co., Ltd.**



## **COMPLETION OF THE TRANSFER OF SALE SHARES IN THE COMPANY**

The Company was informed by Twinkle Link that on 22 March 2019 (after trading hours of the Stock Exchange), Mason Securities exercised its rights under the TL Finance Documents to enforce the TL Security Deed and agreed to effect the Transfer of 287,024,406 Shares (representing approximately 75.00% of the entire issued share capital of the Company as at the date of this joint announcement), which were charged by Twinkle Link under the TL Security Deed in favor of Mason Securities, from Twinkle Link to the Offeror at the total consideration of HK\$315,009,285.58 (equivalent to HK\$1.0975 per Sale Share) subject to and, upon payment of the total consideration for the Sale Shares by the Offeror. The total consideration for the Sale Shares was settled by the Offeror on 25 March 2019 and the Transfer was completed on 25 March 2019. The background leading to the Transfer is set out in the paragraph headed “Background of the Transfer” in this joint announcement.

## **MANDATORY UNCONDITIONAL CASH OFFER**

Immediately prior to the completion of the Transfer, save for the rights of Mason Securities under the TL Finance Documents, the Offeror and the parties acting in concert with it did not hold, own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately upon the completion of the Transfer and as at the date of this joint announcement, the Offeror and the parties acting in concert with it are interested in 287,024,406 Shares, representing approximately 75.00% of the total issued share capital of the Company as at the date of this joint announcement.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or to be acquired by the Offeror and the parties acting in concert with it).

### **Principal terms of the Offer**

Lego Securities will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share. . . . . HK\$1.0975 in cash

The Offer Price of HK\$1.0975 per Offer Share is determined at a price of approximately equal to but not lower than the price per Sale Share paid by the Offeror.

The Offer will be unconditional in all aspects when it is made and will not be conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

## **Confirmation of financial resources available for the Offer**

The Offeror intends to finance the entire consideration payable under the Offer through the WH Facilities provided by Mason Securities.

Lego Corporate Finance, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration payable by the Offeror upon full acceptances of the Offer.

On 22 March 2019, the Offeror entered into the WH Facility Agreement in connection with the WH Facilities, and executed the WH Security Deed in favour of Mason Securities.

## **INDEPENDENT BOARD COMMITTEE**

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chong Man Hung Jeffrey, Mr. Liang Jianhai and Mr. Wong Kwun Ho, has been established by the Board to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

## **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Grand Moore has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance of the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

## **COMPOSITE DOCUMENT**

It is the intention of the Offeror and the Company that the offer document from the Offeror and the offeree board circular from the Company be combined into a Composite Document. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, amongst other things: (i) details of the Offer (including the expected timetable); (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, together with the relevant forms of acceptance and transfer, is required to be despatched to the Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may approve.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 25 March 2019 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 8 May 2019.

References are made to (i) the Rule 3.7 Announcement in relation to the Letter of Intent in connection with the possible transfer of the Sale Shares; (ii) the two monthly update announcements in relation to the progress of the then proposed Transfer pursuant to Rule 3.7 of the Takeovers Code dated 1 February 2019 and 1 March 2019, respectively; and (iii) the Public Float Announcement in relation to the restoration of public float of the Company. Capitalised terms used herein shall have the same meanings as those defined in the Rule 3.7 Announcement unless the context requires otherwise.

## **COMPLETION OF THE TRANSFER OF SALE SHARES IN THE COMPANY**

The Company was informed by Twinkle Link that on 22 March 2019 (after trading hours of the Stock Exchange), Mason Securities exercised its rights under the TL Finance Documents to enforce the TL Security Deed and agreed to effect the Transfer of 287,024,406 Shares (representing approximately 75.00% of the entire issued share capital of the Company as at the date of this joint announcement), which were charged by Twinkle Link under the TL Security Deed in favour of Mason Securities, from Twinkle Link to the Offeror at the total consideration of HK\$315,009,285.58 (equivalent to HK\$1.0975 per Sale Share) subject to and, upon payment of the total consideration for the Sale Shares by the Offeror.

The total consideration for the Sale Shares was settled by the Offeror in the following manner:

- (i) a sum of HK\$30,000,000 which was paid by Mr. Zhao to Mason Securities as earnest money for the Transfer pursuant to the Letter of Intent was subsequently applied as part of the total consideration for the Sale Shares upon the signing of the Letter;
- (ii) Mr. Zhao further paid HK\$220,235,322.92 in cash to Mason Securities; and
- (iii) the remaining sum of HK\$64,773,962.66 was financed by Mason Securities under the WH Facilities.

Other than the HK\$64,773,962.66 financed by Mason Securities, the remaining part of the Consideration was funded by the internal resources of Mr. Zhao, which was mainly supported by Mr. Zhao's father.

The total consideration for the Sale Shares was settled by the Offeror on 25 March 2019 and the Transfer was completed on 25 March 2019. Although the Sale Shares are subject to the share charge granted by the Offeror in favour of Mason Securities pursuant to the WH Security Deed, the voting rights of the Sale Shares remain vested in the Offeror.

### **Background of the Transfer**

On 10 May 2018, Twinkle Link (as borrower) and Mason Securities (as lender) entered into the TL Facility Agreement to grant Twinkle Link the TL Facilities for six months after conducting due diligence and having been satisfied with Twinkle Link's repayment ability. To secure the payment obligations of Twinkle Link, Twinkle Link agreed to charge all of the Shares acquired by it (being 347,760,406 Shares immediately before completion of the Placing) and executed the TL Security Deed in favour of Mason Securities pursuant to the TL Facility Agreement. Immediately after completion of the Placing, Twinkle Link and parties acting in concert with it held 287,024,406 Shares, representing approximately 75.00% of the entire issued share capital of the Company as at the date of the Public Float Announcement. An event of default under the TL Facility Agreement first occurred on the part of Twinkle Link on 25 July 2018 due to Twinkle Link's failure to comply with the loan-to-value ratio requirement. The subsequent events of default include: (i) on 13 August 2018, Twinkle Link failed to repay interest on the first interest payment due date; and (ii) on 12 November 2018, Twinkle Link failed to repay any principal or interest on the maturity date of the TL Facilities. Twinkle Link had not taken actions to remedy the default, Mason Securities decided to exercise its rights under the TL Finance Documents to enforce the TL Security Deed and effect the Transfer. On 22 March 2019, Mason Securities issued the Letter to the Offeror, pursuant to which the Offeror acknowledged that the Transfer would be effected by Mason Securities exercising its rights under the TL Finance Documents, and subject to and, upon payment of the total consideration for the Sale Shares by the Offeror, Mason Securities shall effect the Transfer as soon as practicable by way of electronic book entry transfer of beneficial ownership in the Sale Shares. Notwithstanding the occurrence of the aforementioned events of default, the voting rights of the Sale Shares had remained vested in Twinkle Link up to immediately prior to the completion of the Transfer. The Transfer was completed on 25 March 2019. As advised by Mason Securities, the total amount owed by Twinkle Link to Mason Securities under the TL Facility Agreement immediately prior to the completion of the Transfer was HK\$315,066,394.28.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiries, the Offeror and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons.

## **MANDATORY UNCONDITIONAL CASH OFFER**

Immediately prior to the completion of Transfer, save for the rights of Mason Securities under the TL Finance Documents, the Offeror and the parties acting in concert with it did not hold, own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately upon the completion of the Transfer and as at the date of this joint announcement, the Offeror and the parties acting in concert with it are interested in 287,024,406 Shares, representing approximately 75.00% of the total issued share capital of the Company as at the date of this joint announcement.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or to be acquired by the Offeror and the parties acting in concert with it).

### **Securities of the Company**

As at the date of this joint announcement, the Company has 382,704,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants, relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or securities which are convertible or exchangeable into Shares.

### **Principal terms of the Offer**

Lego Securities will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share. . . . . HK\$1.0975 in cash

The Offer Price of HK\$1.0975 per Offer Share is determined at a price of approximately equal to but not lower than the price per Sale Share paid by the Offeror, which is determined after arm's length negotiations between the Offeror and Mason Securities as the chargee of the Sale Shares with reference to the market price of the Shares.

The Offer will be unconditional in all aspects when it is made and will not be conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

## **Comparison of value**

The Offer Price of HK\$1.0975 per Offer Share represents:

- (i) a discount of approximately 2.01% to the closing price of HK\$1.120 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 0.69% over the average of the closing prices of approximately HK\$1.090 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 1.90% over the average of the closing prices of approximately HK\$1.077 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 1.53% over the average of the closing prices of approximately HK\$1.081 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 1,403.42% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.073 per Share (based on the total number of issued Shares as at the date of this joint announcement) as at 31 December 2018, being the date to which the latest published audited annual financial results of the Group were made up.

## **Highest and lowest Share prices**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period commencing six months preceding the commencement of the offer period (as defined under the Takeovers Code), i.e. the date of the Rule 3.7 Announcement (being 3 January 2019 and up to and including the Last Trading Day), were HK\$1.48 per Share (on 4 July 2018, 17 July 2018, 18 July 2018 and 23 July 2018) and HK\$1.03 per Share (on 29 January 2019), respectively.

## **Total consideration of the Offer**

Base on the Offer Price of HK\$1.0975 per Offer Share and the 382,704,000 Shares in issue as at the date of this joint announcement, of which 287,024,406 Shares are already owned by the Offeror and parties acting in concert with it as at the date of this joint announcement, 95,679,594 Shares will be subject to the Offer (assuming there is no change to the issued share capital of the Company from the date of this joint announcement up to the close of the Offer), and based on the Offer Price per Offer Share and on the basis of full acceptance of the Offer, the cash consideration payable by the Offeror under the Offer will amount to approximately HK\$105,008,354.4.

## **Confirmation of financial resources available for the Offer**

The Offeror intends to finance the entire consideration payable under the Offer through the WH Facilities provided by Mason Securities. The Offeror does not intend that the payment of interest on, repayment of or provision of security for any liability (contingent or otherwise) under the WH Facilities will depend to any significant extent on the business of the Company.

Lego Corporate Finance, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration payable by the Offeror upon full acceptances of the Offer.

On 22 March 2019, the Offeror entered into the WH Facility Agreement in connection with the WH Facilities, and executed the WH Security Deed in favour of Mason Securities.

## **Effect of accepting the Offer**

Acceptance of the Offer by any Independent Shareholder will constitute a warranty by such person to the Offeror that all Offer Shares to be sold by such person under the Offer are fully paid and free from all liens, charges, options, claims, encumbrances, adverse interests, pre-emptive rights and all third party rights of any nature together with all rights attached thereto as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive all dividends and other distributions recommended or declared, if any, paid or made on or after the date on which the Offer is made, being the date of the Composite Document.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

## **Hong Kong stamp duty**

The seller's Hong Kong ad valorem stamp duty payable by the Independent Shareholders who accept the Offer and calculated at a rate of 0.1% of the higher of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).



## **Settlement**

Settlement of the considerations for the Offer Shares will be made in cash as soon as possible but in any event within seven Business Days of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent acting on behalf of it) to render each such acceptance complete and valid pursuant to the Takeovers Code.

## **Taxation advice**

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Lego Securities, Lego Corporate Finance and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

## **Overseas Shareholders**

The availability of the Offer to persons who are not residents in Hong Kong or who have registered addresses outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they reside. Overseas Shareholders and Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should fully observe all applicable legal or regulatory requirements and, where necessary, seek their own legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer of other taxes due by such accepting Overseas Shareholders in respect of such jurisdiction).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers in case of any doubt.

## INFORMATION ON THE OFFEROR

The Offeror is incorporated in the British Virgin Islands with limited liability, and is an investment holding company ultimately wholly and beneficially owned by Mr. Zhao, who is also the sole director of the Offeror. Mr. Zhao obtained a bachelor's degree in economics from Wuhan Sports University in 2013. Since graduation, Mr. Zhao has been assisting in the management of his family business. Mr. Zhao's father is the president and director of Kaiyuan Investment Co., Ltd.\* (開源股權投資有限公司), a financial investment company established in the PRC and principally invested in the fields of aviation, technology, security, health and medical care, logistics and cultural tourism. Mr. Zhao has also been accumulating other working and investment experience in the PRC, which include financial and apparel businesses. Mr. Zhao has personally invested in unit trusts, the portfolios of which include equity instruments, high-yield and convertible bonds from issuers domiciled in the United States or Canada, and investments in companies predominantly engaged in the design, production or distribution of products and services related to the leisure time activities of individuals, which include automobile, household construction and durables, media and internet companies and other companies engaged in meeting the demands of consumers. In addition, from January 2015 to January 2019, Mr. Zhao worked in Hubei Hengji Business Co., Ltd\* (湖北亨基商貿有限公司) (“**Hubei Hengji**”), a manufacturing and processing company of apparel, with his last position as the operations manager. During his years working in Hubei Hengji, Mr. Zhao was primarily responsible for the procurement of garments and the introduction of brands.

In late 2018, Mr. Zhao started to look for investment opportunities in different industries in Hong Kong, including financial and apparel industries, and preferably listed companies as listed companies which have more means of financing and fund-raising to support their own business growth and development compared to non-listed companies. Mr. Zhao then identified the investment opportunity to invest in the Company through Mason Securities. As Mr. Zhao considered that the Company is a listed company in Hong Kong and in view of the limited sales of the Group's leather products to the PRC market as evidenced by the relatively low contribution from its external customers in the PRC which only accounted for approximately 3.6% and 3.4% to the Group's total revenue for the two years ended 31 December 2017 and 2018, respectively, the products of the Group may have growth potential in the PRC market, Mr. Zhao decided to invest in the Company through the Transfer.

Following the close of the Offer, Mr. Zhao intends to be an executive Director of the Company in managing the businesses of the Group. Given that Mr. Zhao had no relevant experience in the manufacturing and distribution of leather products, which is the principal business of the Group, while taking time to familiarise with the businesses of the Group, Mr. Zhao intends to leverage on the day-to-day operational experiences of the management of the Group, in particular those of the operating subsidiaries of the Group in developing the businesses of the Group in order not to create unfavourable disruptions thereto.

## DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

Save for the Sale Shares, none of the Offeror and parties acting in concert with it has dealt in nor owned any Share or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the six months period prior to the commencement of the offer period (as defined under the Takeovers Code), i.e. the date of the Rule 3.7 Announcement (being 3 January 2019) up to and including the date of this joint announcement.

As at the date of this joint announcement,

- (i) save for the Sale Shares held by the Offeror, none of the Offeror and parties acting in concert with it holds, owns or has control or direction over any voting rights or rights over any Shares, convertible securities, warrants, options or derivatives of the Company;
- (ii) there is no outstanding derivative in respect of securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror, its ultimate beneficial owners and/or any person acting in concert with any of them;
- (iii) none of the Offeror and parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iv) save for the Letter of Intent (details of which are disclosed in the Rule 3.7 Announcement), the Letter, the WH Facility Agreement and the WH Security Deed, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares which might be material to the Offer;
- (v) there is no agreement or arrangement to which the Offeror or parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a precondition or condition to the Offer;
- (vi) none of the Offeror and parties acting in concert with it has received any irrevocable commitment(s) to accept or reject the Offer;
- (vii) there is no agreement or arrangement which constitutes a special deal under Rule 25 of the Takeovers Code between Twinkle Link, its ultimate beneficial owner and parties acting in concert with any of them on one hand and the Offeror and parties acting in concert with it on the other hand; and

(viii) save for (a) the total consideration for the Sale Shares of HK\$315,009,285.58; (b) the interests payable by the Offeror (as borrower) to Mason Securities (as lender) for the WH Facilities pursuant to the WH Facility Agreement; and (c) the arrangement fee and other amounts payable by the Offeror (as borrower) to Mason Securities (as lender) for the WH Facilities pursuant to the WH Fee Letter, no other consideration, compensation or benefit in whatever form is paid or to be paid by the Zhao Concert Group to any of the Twinkle Concert Group; and/or (ii) the Mason Concert Group in connection with the sale and purchase of the Sale Shares.

In addition to the above,

- (1) Mr. Zhao confirms that there is no understanding, arrangement, agreement or special deal between the Zhao Concert Group and the Twinkle Concert Group;
- (2) Mr. Zhao confirms that, save for the Letter of Intent (details of which are disclosed in the Rule 3.7 Announcement), the WH Finance Documents (which consist of (i) the WH Facility Agreement; (ii) the WH Security Deed; (iii) the WH Deed Poll; (iv) the WH Personal Guarantee; and (v) the WH Fee Letter) and the Letter, there is no understanding, arrangement, agreement or special deal between the Zhao Concert Group and the Mason Concert Group;
- (3) Mr. Zhao confirms that, there is no understanding, arrangement (including any compensation arrangement) or agreement or special deal existing between the Zhao Concert Group and any of the Directors, recent directors of the Company (if any), Shareholders, or recent shareholders of the Company (including the Twinkle Concert Group and the Mason Concert Group); and
- (4) the Company confirms that, there is no understanding, arrangement or agreement or special deal between any Shareholder, and the Company, its subsidiaries or associated companies.

## **INFORMATION ON THE GROUP**

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on the Stock Exchange (stock code: 264). The Group is principally engaged in manufacturing and distribution of leather products and retail of fashion apparel, footwear and leather accessories.

## Shareholding structure of the Company

The following table sets out the shareholding structures of the Company (i) immediately before the Transfer; and (ii) immediately after the Transfer and as at the date of this joint announcement:

	Immediately before the Transfer		Immediately after the Transfer and as at the date of this joint announcement	
	Number of Shares	Approximately %	Number of Shares	Approximately %
The Offeror and parties acting in concert with it	—	—	287,024,406	75.00
Twinkle Link Limited	287,024,406	75.00	—	—
Public Shareholders	95,679,594	25.00	95,679,594	25.00
<b>Total</b>	<b><u>382,704,000</u></b>	<b><u>100.00</u></b>	<b><u>382,704,000</u></b>	<b><u>100.00</u></b>

## Financial information of the Group

The following table sets out a summary of certain financial information of the Group:

	For the year ended 31 December 2018	For the year ended 31 December 2017	For the period from 1 April 2016 to 31 December 2016
	HK\$'000 (audited) (approximately)	HK\$'000 (audited) (approximately)	HK\$'000 (audited) (approximately)
Revenue	63,900	78,937	83,256
Loss before tax from continuing operations	(31,466)	(16,676)	(10,795)
Loss for the year/period attributable to the owners of the Company	<u>(31,466)</u>	<u>(14,225)</u>	<u>(10,795)</u>
	As at 31 December 2018	As at 31 December 2017	As at 31 December 2016
	HK\$'000 (audited) (approximately)	HK\$'000 (audited) (approximately)	HK\$'000 (audited) (approximately)
Total equity attributable to owners of the Company	<u>28,057</u>	<u>61,526</u>	<u>50,659</u>

*Note:* The financial information of the Group for the year ended 31 December 2018 and as at 31 December 2018 is based on the annual results announcement of the Company for the year ended 31 December 2018 published on 27 March 2019.

## **INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

Following the close of the Offer, it is the intention of the Offeror that the Company will continue to focus on the development of its existing businesses, namely, the manufacturing and distribution of leather products and retail of fashion apparel, footwear and leather accessories. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group upon the close of the Offer.

Nevertheless, the Offeror will conduct a detailed review on the existing principal businesses and operations, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth.

As at the date of this joint announcement, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

The Board consists of Ms. Wang Wei, Mr. Chong Man Hung Jeffrey, Mr. Liang Jianhai and Mr. Wong Kwun Ho. The Offeror intends to nominate not less than two new Directors (including Mr. Zhao) to facilitate the business operation, management and strategy of the Group and is in the process of identifying suitable candidates. Any of such appointments will be made in compliance with the Takeovers Code and the Listing Rules and will take effect on the earliest day permitted under the Takeovers Code. The Offeror has no intention to discontinue the employment of any employees of the Group (save for change in the composition of the Board) or dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business.

## **MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends the issued Shares to remain listed on the Stock Exchange upon the close of the Offer.

Pursuant to the Listing Rules, if, at the closing of the Offer, less than 25.00% of the issued Shares are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The Offeror will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that sufficient public float exists in the Shares after the close of the Offer.

In this connection, in the event that the public float of the Company falls below 25.00% upon the close of the Offer, the Offeror will, as soon as practicable, dispose of such number of Shares either directly in the market or through a placing agent to be appointed by the Offeror to ensure that the public float requirement under the Listing Rules can be met. Appropriate announcement(s) will be made in this regard as and when appropriate in compliance with the Listing Rules.

## **INDEPENDENT BOARD COMMITTEE**

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chong Man Hung Jeffrey, Mr. Liang Jianhai and Mr. Wong Kwun Ho, has been established by the Board to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

## **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Grand Moore has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance of the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

## **COMPOSITE DOCUMENT**

It is the intention of the Offeror and the Company that the offer document from the Offeror and the offeree board circular from the Company be combined into a Composite Document. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, amongst other things: (i) details of the Offer (including the expected timetable); (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, together with the relevant forms of acceptance and transfer, is required to be despatched to the Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may approve.

**The Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.**

## **WARNING**

**The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 25 March 2019 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 8 May 2019.

## **DEFINITIONS**

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business



“Company”	Ascent International Holdings Limited (stock code: 264), an exempted company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on Stock Exchange
“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offer, the recommendation from the Independent Board Committee to the Independent Shareholders and the advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors established for the purpose of advising the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer
“Grand Moore” or “Independent Financial Adviser”	Grand Moore Capital Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee for the purpose of advising the Independent Board Committee in respect of the terms of the Offer and as to acceptance of the Offer
“Independent Shareholders”	the Shareholders other than the Offeror, Mason Group and parties acting in concert with any of them
“Last Trading Day”	22 March 2019, being the last trading day of the Shares on the Stock Exchange prior to the halt of trading in the Shares pending the release of this joint announcement

“Lego Corporate Finance”	Lego Corporate Finance Limited, a corporation licensed by the SFC to conduct Type 6 (advising on corporate finance) regulated activity under the SFO (Chapter 571 of the Laws of Hong Kong), being the financial adviser to the Offeror in respect of the Offer
“Lego Securities”	Lego Securities Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) regulated activity under the SFO (Chapter 571 of the Laws of Hong Kong), being the agent making the Offer on behalf of the Offeror
“Letter”	a letter dated 22 March 2019 issued by Mason Securities and acknowledged by the Offeror on 22 March 2019, pursuant to which the Offeror acknowledged that the Transfer would be effected by Mason Securities exercising its rights under the TL Finance Documents, and subject to and, upon payment of the total consideration for the Sale Shares by the Offeror
“Letter of Intent”	a letter of intent dated 21 December 2018 entered into between Mason Securities and Mr. Zhao, which sets out, among other things, the non-legally binding provisions in respect of the intention of Mr. Zhao (as purchaser) to purchase, and Mason Securities (as chargee of the 287,028,000 Shares charged by Twinkle Link in favour of Mason Securities under the TL Security Deed (the “ <b>Subject Shares</b> ”)) to exercise its rights under the TL Security Deed and other related documents to effect the transfer from Twinkle Link to Mr. Zhao of the Subject Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mason Concert Group”	Mason Securities or any party acting in concert with it and/or their respective nominees (if any) and/or representatives (if any)
“Mason Group”	Mason Holdings and its subsidiaries
“Mason Holdings”	Mason Group Holdings Limited (formerly known as Mason Financial Holdings Limited), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Stock Exchange (stock code:273)

“Mason Securities”	Mason Securities Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO (Chapter 571 of the Laws of Hong Kong), which is an indirect wholly-owned subsidiary of Mason Holdings
“Mr. Zhao”	Mr. Zhao Jingfei, the ultimate sole shareholder and the sole director of the Offeror
“Offer”	the mandatory unconditional cash offer to be made by Lego Securities on behalf of the Offeror to acquire all the Offer Shares
“Offeror”	Waterfront Holding Group Co., Ltd., a company incorporated in the British Virgin Islands with limited liabilities which is ultimately wholly and beneficially owned by Mr. Zhao
“Offer Price”	HK\$1.0975 per Offer Share
“Offeror’s Securities Account”	the securities account in the name of the Offeror maintained with Mason Securities, in which the Offeror shall deposit (i) all the Sales Shares acquired by the Offeror upon the completion of the Transfer; and (ii) the Shares to be acquired by the Offeror under the Offer
“Offer Share(s)”	all the issued Shares (other than those already beneficially owned or to be acquired by the Offeror and parties acting in concert with it)
“Overseas Shareholders”	Independent Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“Placing”	the placing of 60,736,000 Shares, representing approximately 15.87% of the entire issued share capital of the Company as at the date of the Public Float Announcement, through the placing agent to independent places on 25 January 2019

“PRC”	the People’s Republic of China, for the purpose of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Public Float Announcement”	the announcement of the Company dated 25 January 2019 in relation to the Placing
“Rule 3.7 Announcement”	the announcement of the Company dated 3 January 2019 pursuant to Rule 3.7 of the Takeovers Code in relation to, among others, the Letter of Intent
“Sale Share(s)”	the 287,024,406 Shares transferred to the Offeror from Twinkle Link under the Transfer
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“TL Facilities”	a term loan facilities in the aggregate principal amount of HK\$406,000,000 granted by Mason Securities (as lender) to Twinkle Link (as borrower) under the TL Facility Agreement
“TL Facility Agreement”	a facility agreement dated 10 May 2018 entered into between Twinkle Link (as borrower) and Mason Securities (as lender) for granting the TL Facilities
“TL Finance Documents”	the TL Facility Agreement and the TL Security Deed

“TL Security Deed”	a security deed dated 10 May 2018 entered into between Mason Securities (as chargee) and Twinkle Link (as chargor) whereby Twinkle Link shall charge to Mason Securities as security for the TL Facilities all the Shares deposited with the securities account in the name of Twinkle Link held with Mason Securities in respect of 347,760,406 Shares immediately before the completion of the Placing, which were reduced to 287,024,406 Shares immediately after the completion of the Placing
“Transfer”	the transfer of the Sale Shares which took place on 25 March 2019
“Twinkle Link”	Twinkle Link Limited, a company incorporated in the British Virgin Islands which was interested in approximately 75.00% of the issued share capital of the Company immediately before the Transfer
“Twinkle Concert Group”	Twinkle Link/Mr. Xu Hongwei and/or any party acting in concert with any of them and/or their respective nominees (if any) and/or representatives (if any)
“WH Deed Poll”	the deed poll dated 22 March 2019 executed by the Offeror and Mr. Zhao in respect of the WH Facility Agreement for the benefit of Mason Securities
“WH Facilities”	term loan facilities in the aggregate principal amount of HK\$171,000,000 granted by Mason Securities (as lender) to the Offeror (as borrower) in accordance with the terms of the WH Facility Agreement for financing part of the consideration for the Sale Shares and the Offer
“WH Facility Agreement”	the facility agreement dated 22 March 2019 entered into between Mason Securities (as lender) and the Offeror (as borrower) for granting the WH Facilities
“WH Fee Letter”	the fee letter dated 22 March 2019 entered into between Mason Securities (as lender) and the Offeror (as borrower), setting out the arrangement fee and other amounts payable by the Offeror in connection with the WH Facilities

“WH Finance Documents”	the WH Facility Agreement, the WH Security Deed, the WH Personal Guarantee, the WH Deed Poll and the WH Fee Letter
“WH Personal Guarantee”	the personal guarantee dated 22 March 2019 entered into between Mason Securities (as lender) and Mr. Zhao (as guarantor) for guaranteeing all liabilities owed by the Offeror (as borrower) to Mason Securities under the WH Finance Documents
“WH Security Deed”	the security deed entered into between Mason Securities (as chargee) and the Offeror (as chargor) dated 22 March 2019 whereby the Offeror shall charge to Mason Securities as security for the WH Facilities (i) all of the Sale Shares acquired by the Offeror upon the completion of the Transfer; (ii) the Shares to be acquired by the Offeror under the Offer; and (iii) the Offeror’s Securities Account, in which the Offeror shall deposit the aforesaid Shares
“Zhao Concert Group”	the Offeror/Mr. Zhao or any party acting in concert with any of them and/or their respective nominees (if any) and/or representatives (if any)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

For and on behalf of  
**Waterfront Holding Group Co., Ltd.**  
**Zhao Jingfei**  
*Director*

By order of the Board  
**Ascent International Holdings Limited**  
**Wang Wei**  
*Chairlady*

Hong Kong, 7 May 2019

*As at the date of this joint announcement, the executive Director is Ms. Wang Wei, and the independent non-executive Directors are Mr. Chong Man Hung Jeffrey, Mr. Liang Jianhai and Mr. Wong Kwun Ho.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the director of the Offeror) have been arrived at upon due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*

*As at the date of this joint announcement, the sole director of the Offeror is Mr. Zhao.*

*The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this joint announcement (other than the information relating to the Group, Twinkle Link and parties acting in concert with any of them) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Group, Twinkle Link and parties acting in concert with any of them) have been arrived at upon due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.*

*\* For identification purpose only*