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## **Prosperity International Holdings (H.K.) Limited**

**昌興國際控股（香港）有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8139)**

**PLACING OF NEW SHARES  
UNDER GENERAL MANDATE  
AND  
RESUMPTION OF TRADING**

**PLACING AGENT**



### **Placing of New Shares under General Mandate**

On 10 October 2007, the Company entered into the Placing and Underwriting Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a fully underwritten basis, 33,300,000 Placing Shares at a price of HK\$0.90 per Placing Share. The Placing Agent has identified not less than 6 placees who are independent of, not acting in concert and not connected with the Company and its subsidiaries nor with its concert parties, the directors, chief executive, substantial shareholders and management shareholders of the Company or its subsidiaries or any of their respective associates.

The Placing Shares represent (i) about 20.00% of the existing issued share capital of the Company of 166,817,106 Shares; and (ii) about 16.64% of the Company's issued share capital of 200,117,106 Shares as enlarged by the Placing.

The gross proceeds from the Placing will be approximately HK\$29.97 million. The net proceeds raised from the Placing, after deduction of related expenses, will be approximately HK\$28.37 million which will be applied to general working capital of the Company.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive directors) consider that the terms of the Placing are fair and reasonable based on the current market condition and the Placing is in the interests of the Company and the Shareholders as a whole.

### **Resumption of Trading**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30a.m. on 11 October 2007 pending the release of this 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 9:30 a.m. on 12 October 2007.

## **THE PLACING AND UNDERWRITING AGREEMENT**

### **DATED**

10 October 2007

### **Issuer**

The Company

### **Placing Agent**

Oriental Patron Asia Limited, a corporation licensed to carry on types 1, 6 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), is appointed by the Company as its placing agent to procure the placing of the Placing Shares on a fully underwritten basis.

The Placing Agent will charge a placing commission of 3.50% on the gross proceeds raised from the Placing. The Placing Agent and its ultimate beneficial owner are not a connected person of the Company and is independent of and not connected with the Company or any of its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules); and connected persons of the Company.

### **Placees**

The Placing Agent has identified not less than six placees who are independent professional and individual investors. One of the placees, Mr. Li Yiu Keung who has no interest in the Company before the Placing was subscribed and allotted 28,860,000 Placing Shares, which represents approximately 14.42% of the enlarged issued share capital of the Company and will become one of the substantial shareholder of the Company. Each of the placees together with its concert parties will not hold 30% or more of the equity interests of the Company.

To the best knowledge of the Directors, the placees (including Mr. Li Yiu Keung) and their respective beneficial owners are independent of, not acting in concert and not connected with the Company and its subsidiaries nor with its concert parties, the directors, chief executive, substantial shareholders and management shareholders of the Company or its subsidiaries or any of their respective associates.

### **Number of Placing Shares**

The Placing of 33,300,000 Shares on a fully underwritten basis, representing (i) about 20.00% of the existing issued share capital of the Company of 166,817,106 Shares as at the date of this announcement; and (ii) about 16.64% of the issued share capital of the Company of 200,117,106 Shares as enlarged by the Placing.

### **Placing Price**

The Placing Price of HK\$0.90 per Share was arrived at after arm's length negotiation between the Company and the Placing Agent. The Placing Price represents (i) a discount of about 18.18% to the closing price of HK\$1.10 per Share prior to the suspension of trading of the Shares on the Last Trading Day as quoted on the Stock Exchange; (ii) a discount of about 16.67% to the average closing price of HK\$1.08 per Share as quoted on the Stock Exchange for the last five trading days up to and include the Last Trading Day and (iii) a discount of about 15.89% to the average closing price of HK\$1.07 per Share as quoted on the Stock Exchange for the last ten trading days up to and include the Last Trading Day.

The Directors (including the independent non-executive directors) consider that the terms of the Placing are fair and reasonable based on the current market condition and the Placing is in the interests of the Company and the Shareholders as a whole.

After deducting the expenses of the Placing which amounts to approximately HK\$1.6 million, the net Placing Price per Share will be approximately HK\$0.85.

### **Ranking of the Placing Shares**

The Placing Shares, when fully paid, allotted and issued, will be free from all claims, charges, liens, encumbrances and equities and whatsoever and will rank *pari passu* with any existing Shares in issue save for any right or entitlement to dividends or other rights or distributions the record date for which precedes the date on which such Placing Shares are allotted and issued.

### **Authority to issue the Placing Shares**

The Placing Shares will be issued under the maximum limit of the General Mandate. As at the date of this announcement, none of the new Shares has been issued under the General Mandate.

## **Conditions of the Placing**

Completion of the Placing is conditional upon the followings:

- (i) the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares;
- (ii) the Company obtaining all consents and approvals from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable; and
- (iii) the Placing Agent has received written confirmations from the Placees to subscribe for a certain amount of Placing Shares which is acceptable in the Company's sole and absolute opinion.

Except condition (iii), none of the above conditions can be waived by the Company and/or the Placing Agent.

## **Completion of the Placing**

Completion of the Placing will take place on or before 26 October 2007 or such other date as may be agreed between the Company and the Placing Agent. In any event that the completion of the Placing is later than 26 October 2007, further announcement will be made by the Company.

A completion announcement will be made by the Company when the Placing is completed.

## **REASONS FOR THE PLACING**

The Directors had considered that the Placing represents an ideal opportunity to raise capital for the Company while broadening the Shareholder base and the capital base of the Company.

The gross proceeds raised from the Placing will be approximately HK\$29.97 million. The net proceeds raised from the Placing, after the deduction of the related expenses, will be approximately HK\$28.37 million which will be applied to general working capital of the Company.

## SHAREHOLDING STRUCTURES BEFORE AND AFTER THE PLACING

The shareholding structures of the Company before and after the Placing are set out as below:

| Name of Shareholders                     | Existing shareholding |               | Shareholding immediately after the Placing |               |
|--|-----------------------|---------------|--|---------------|
|  | Number of Shares      | %             | Number of Shares                           | %             |
| Well Success Group Limited (notes 1 & 2) | 31,917,600            | 19.13         | 31,917,600                                 | 15.95         |
| Mr. Wong Ben Koon                        | 53,385,106            | 32.00         | 53,385,106                                 | 26.68         |
| Harmony Asset Limited                    | 23,300,000            | 13.97         | 23,300,000                                 | 11.64         |
| Public                                   | 58,214,400            | 34.90         | 58,214,400                                 | 29.09         |
| Li Yiu Keung                             | –                     | –             | 28,860,000                                 | 14.42         |
| Other placees                            | –                     | –             | 4,440,000                                  | 2.22          |
| Total                                    | <u>166,817,106</u>    | <u>100.00</u> | <u>200,117,106</u>                         | <u>100.00</u> |

Notes:

1. The entire issued share capital of Well Success Group Limited is beneficially owned as to 25.2% by Mr. Wong Ben Koon, an executive Director, as to 16.4% by Mr. Ng Hon Fai, and as to 58.4% by Advance Success Limited.
2. The entire issued share capital of Advance Success Limited is equally and beneficially owned by Mr. Wong Ben Koon and Madam Hon Ching Fong, both are executive Director. Mr. Wong Ben Koon is the sole director of Advance Success Limited

The Directors confirmed that no new director will be introduced to the Board by the placees and the Company after the Completion.

### Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for granting the approval of the listing of, and permission to deal in, the Placing Shares.

## FUND RAISING ACTIVITIES FOR THE PAST 12 MONTHS

| <b>Date of announcement</b> | <b>Date of agreement</b> | <b>Nature of transaction</b>     | <b>Subscriber</b>                                  | <b>Approximate amount of net proceeds raised/ to be raised and intended use</b>  | <b>Actual use and amount used of the net proceeds raised</b>  | <b>Approximate percentage of the issued share capital of the Company at the date of this announcement</b> |
|-----------------------------|--------------------------|----------------------------------|--|--|---|---|
| 11/7/2007                   | 10/7/2007                | Placing of 27,800,000 new shares | Harmony Asset Limited and five independent placees | HK\$22.58 million which is intended to used as general working capital of the Company and seek for investment opportunities in building materials and related ancillary business | Approximately HK\$8.6 million from the net proceeds were used as general working capital of the Group as at the date of this announcement. The remaining HK\$13.98 million is placed with the banks and is intended to be used as general working capital of the Company and seek for investment opportunities in building materials and related ancillary business | 20.00%  |

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 11 October 2007 pending the release of this 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 9:30a.m. on 12 October 2007.

## DEFINITIONS

|                                      |  |
|--------------------------------------|--|
| “associates”                         | has the meaning ascribed to it under the GEM Listing Rules   |
| “Board”                              | the board of Directors   |
| “Company”                            | Prosperity International Holdings (H.K.) Limited (昌興國際控股(香港)有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on GEM  |
| “Director(s)”                        | director(s) of the Company   |
| “GEM”                                | The Growth Enterprise Market of the Stock Exchange   |
| “GEM Listing Rules”                  | the Rules Governing the Listing of Securities on GEM   |
| “General Mandate”                    | the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 17 August 2007 subject to the limit of up to 20% of the issued share capital of the Company as at the date of passing the resolution |
| “Group”                              | the Company and its subsidiaries   |
| “Last Trading Day”                   | 10 October 2007, being the last trading day for the Shares prior to the issue of this announcement   |
| “Placing”                            | the placing of the Placing Shares pursuant to the Placing Agreement  |
| “Placing Agent”                      | Oriental Patron Asia Limited, a corporation licensed to carry on types 1, 6 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)   |
| “Placing and Underwriting Agreement” | the agreement dated 10 October 2007 entered into between the Company and the Placing Agent in relation to the Placing  |
| “Placing Price”                      | HK\$0.90 per Placing Share   |
| “Placing Share(s)”                   | a total of 33,300,000 new Shares   |
| “PRC”                                | the People’s Republic of China   |
| “Share(s)”                           | Ordinary share(s) of HK\$0.10 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             |
| “%”              | per cent.   |
| “HK\$”           | Hong Kong dollars, the lawful currency of Hong Kong |

By order of the Board  
**Prosperity International Holdings (H.K.) Limited**  
**Wong Ben Koon**  
Chairman

Hong Kong, 11 October 2007

*As at the date of this announcement, the Board comprises Mr. Wong Ben Koon, Madam Hon Ching Fong and Mr. Kong Siu Keung as executive Directors, and Mr. Mo Kwok Choi, Mr. Yuen Kim Hung, Michael and Mr. Yung Ho as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– i. the information contained in this announcement is accurate and complete in all material respects and not misleading; ii. there are no other matters the omission of which would make any statement in this announcement misleading; and iii. all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the Company’s website at <http://www.equitynet.com.hk/8139> and on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “ Latest Company Announcements ” page for seven days from the day of its posting.*

\* *for identification purpose only*