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PROSPERITY INTERNATIONAL HOLDINGS (H.K.) LIMITED

昌興國際控股(香港)有限公司*

(Provisional Liquidators Appointed)

(For Restructuring Purposes)

(Incorporated in Bermuda with limited liability)

(Stock Code: 803)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTIES

THE DISPOSAL

The Board is pleased to announce that on 23 March 2020, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the SPA. Pursuant to the SPA, the Vendor agreed to sell to the Purchaser and the Purchaser agreed to purchase from the Vendor the Properties, at the Consideration in the aggregate sum of RMB17,000,000 (equivalent to approximately HK\$18,870,000), subject to and upon the terms of the SPA.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal contemplated under the SPA exceed(s) 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 23 March 2020, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the SPA. Pursuant to the SPA, the Vendor agreed to sell to the Purchaser and the Purchaser agreed to purchase from the Vendor the Properties, at the Consideration in the aggregate sum of RMB17,000,000 (equivalent to approximately HK\$18,870,000), subject to and upon the terms of the SPA.

* for identification purpose only

THE SPA

Date: 23 March 2020

The vendor: 杭州雋興投資管理有限公司 (Hangzhou Juanxing Investment Co., Ltd.*), an indirect wholly-owned subsidiary of the Company

The purchaser: Mr. Huang Dehong, a PRC citizen.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Properties: Four units located at Rooms 2501, 2502, 2601 and 2602, 嘉聯華銘座 (Jia Lian Hua Ming Zuo*), No. 586 Jian Guo Road North, Xiacheng District, Hangzhou, PRC with a total gross floor area of 1,190.06 sq.m. and the six carparks located at Parking Space No. 123, 127, 128, Warehouses 1-3, 166 and 167 on Basement Level 1, Jia Lian Hua Ming Zuo, No. 586 Jian Guo Road North, Xiacheng District, Hangzhou, PRC.

Consideration and payment terms: The Consideration for the Properties is RMB17,000,000 (equivalent to approximately HK\$18,870,000), the entire sum of which shall be settled by cash by the Purchaser to the Vendor on or before 24 March 2020.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the recent transactions of similar types of properties in the market, the expected property market sentiment and the valuation of the Properties indicated by an independent property valuer.

Completion: Completion is expected to complete on or before 28 March 2020.

INFORMATION ABOUT THE PROPERTIES

The Properties are the four units located at Rooms 2501, 2502, 2601 and 2602, 嘉聯華銘座 (Jia Lian Hua Ming Zuo*), No. 586 Jian Guo Road North, Xiacheng District, Hangzhou, PRC with a total gross floor area of 1,190.06 sq.m. and the six carparks located at Parking Space No. 123, 127, 128, Warehouses 1-3, 166 and 167 on Basement Level 1, Jia Lian Hua Ming Zuo, No. 586 Jian Guo Road North, Xiacheng District, Hangzhou, PRC.

The Properties are currently being used as office premises of the Group.

As at 31 March 2019, the audited net asset value of the Properties was approximately RMB23,119,000 (equivalent to approximately HK\$25,662,000).

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Based on the difference between the Consideration for the Properties and the net asset value of the Properties as at 31 March 2019, the Company is expected to recognise a loss of approximately RMB6,123,000 (equivalent to approximately HK\$6,797,000) before relevant expenses relating to the Disposal.

Based on the Consideration of RMB17,000,000 (equivalent to approximately HK\$18,870,000) and the estimated transaction costs and expenses of approximately RMB4,000 (equivalent to approximately HK\$4,000) attributable to the Disposal, the Group is expected to receive net proceeds of approximately RMB16,996,000 (equivalent to approximately HK\$18,866,000) from the Disposal.

The Group intends currently to use the proceeds for the repayment of the Outstanding Loan to be due on 26 March 2020.

REASONS FOR THE DISPOSAL

The Properties were mortgaged to a third party PRC bank to secure the Outstanding Loan. A principal amount of approximately RMB17,910,000 (equivalent to approximately HK\$19,880,000) with regard to the Outstanding Loan, which will fall due on 26 March 2020, remains outstanding as at the date of this announcement.

The Disposal represents a good opportunity for the Group to realise the Properties' value at a reasonable price, particularly in view of the adverse impact of COVID-19 on the property market sentiment. Given that the Outstanding Loan is non-extendable and will fall due soon, the Group intends to utilise all of the net proceeds for the repayment of the Outstanding Loan, thereby reducing the Group's liabilities and interest expenses.

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser having considered the recent transactions of similar types of properties in the market, the expected property market sentiment and with reference to the property valuation conducted by Zhong Ming (Beijing) Assets Appraisal International Co., Ltd, the Company's independent property valuer, whereby the Properties were appraised at RMB19,815,000 (equivalent to approximately HK\$21,995,000) as at 31 December 2019.

For the reasons set out above, the Directors, including the independent non-executive Directors, are of the view that the terms of the SPA have been negotiated on an arm's length basis, are on normal commercial terms and the Disposal is fair and reasonable and in the interest of the Company and its shareholders as a whole.

BOARD'S APPROVAL

The SPA was approved by the Board on 23 March 2020. Since no Directors have material interest in the Disposal contemplated under the SPA, none of the Directors has abstained from voting at the Board's meeting to approve the SPA.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal contemplated under the SPA exceed(s) 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

INFORMATION ABOUT THE GROUP, THE VENDOR AND THE PURCHASER

The Group

The Group is principally engaged in (i) real estate investment and development; (ii) mining and trading of iron ore and raw materials; and (iii) trading of clinker, cement and other building materials.

The Vendor

The Vendor is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment management and financial advisory services.

The Purchaser

The Purchaser is Mr. Huang Dehong, a PRC citizen. To the best of the Directors' knowledge, information and belief, the Purchaser is an individual who is an Independent Third Party.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“Board”	the board of Directors
“Business Day(s)”	a business day, other than a Saturday, Sunday or official Public holiday, on which commercial banks in Hong Kong are open for transaction of routine banking business
“Company”	Prosperity International Holdings (H.K.) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 803)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the SPA
“Connected person(s)”	has the meaning given to it under the Listing Rules

“Consideration”	RMB17,000,000 (equivalent to approximately HK\$18,870,000), being the consideration for the Properties payable by the Purchaser to the Vendor pursuant to the SPA
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Properties by the Vendor to the Purchaser pursuant to the SPA
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	independent third party who is not a connected person (as defined in the Listing Rules) of the Company and is independent of and not connected with the Company and its connected person (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Outstanding Loan”	the loan entered into by an indirect wholly-owned subsidiary of the Company with a third party PRC bank, pursuant to which the Properties were mortgaged as security
“percentage ratios”	has the meaning given to it under the Listing Rules
“PRC”	the People’s Republic of China
“Properties”	the four units located at Rooms 2501, 2502, 2601 and 2602, 嘉聯華銘座 (Jia Lian Hua Ming Zuo*), No. 586 Jian Guo Road North, Xiacheng District, Hangzhou, PRC and the six carparks located at Parking Space No. 123, 127, 128, Warehouses 1–3, 166 and 167 on Basement Level 1, Jia Lian Hua Ming Zuo, No. 586 Jian Guo Road North, Xiacheng District, Hangzhou, PRC
“Purchaser”	Mr. Huang Dehong, a PRC citizen, who is an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

“SPA”	the sale and purchase agreement dated 23 March 2020 and entered into by the Vendor and the Purchaser in respect of the Disposal
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	杭州雋興投資管理有限公司 (Hangzhou Juanxing Investment Co., Ltd.*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

For the purposes of this announcement, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1 to HK\$1.11 for the purposes of illustration only. No representation is made that any amount of HK\$ or RMB could have been or could be converted at the above rate or at any other rates.

By order of the Board
Prosperity International Holdings (H.K.) Limited
 (Provisional Liquidators Appointed)
 (For Restructuring Purposes)
Wong Ben Koon
Chairman

Hong Kong, 23 March 2020

As at the date of this announcement, the executive Directors are Mr. Wong Ben Koon (Chairman), Ms. Gloria Wong, Mr. Xie Qiangming (Chief Executive Officer), Mr. Nie Qiaoming and Mr. Ma Xin; and the independent non-executive Directors are Mr. Zhao Gen, Mr. Guan Guisen and Mr. Yan Xiaotian.