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**SUN MATRIX LIMITED**

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

**PROSPERITY INVESTMENT  
HOLDINGS LIMITED**

**嘉進投資國際有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 310)**

**JOINT ANNOUNCEMENT**

**(1) ACQUISITION OF SHARES IN PROSPERITY INVESTMENT  
HOLDINGS LIMITED**

**(2) MANDATORY UNCONDITIONAL CASH OFFER BY  
EMPEROR SECURITIES LIMITED ON BEHALF OF  
SUN MATRIX LIMITED FOR ALL THE ISSUED SHARES IN  
PROSPERITY INVESTMENT HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR  
AGREED TO BE ACQUIRED BY  
SUN MATRIX LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)  
AND**

**(3) RESUMPTION OF TRADING**

**Financial adviser to Sun Matrix Limited**



**英皇融資有限公司**  
Emperor Capital Limited

**Financial adviser to Prosperity Investment Holdings Limited**

 **Baron Capital Limited**

**SHARE PURCHASE AGREEMENT**

The Offeror and the Company jointly announce that the Vendor entered into the Share Purchase Agreement on 13 October 2009 (after trading hours) with the Offeror pursuant to which the Vendor has agreed to sell, and the Offeror has agreed to purchase, the entire issued share capital of Favor Hero at a total consideration of HK\$58,608,639, completion of which has taken place on 13 October 2009. The sole underlying asset of Favor Hero is its shareholding of 65,120,710 Shares, representing approximately 50.76% of the existing issued share capital of the Company. Based on the 65,120,710 Shares held by Favor Hero, the said consideration is equivalent to HK\$0.90 per Share.

\* For identification purpose only

## **MANDATORY UNCONDITIONAL CASH OFFER**

Upon Completion and as the date of this announcement, the Offeror, Mr. Lau Ko Yuen, Tom and parties acting in concert with any of them are now interested in approximately 50.76% of the existing issued share capital of the Company. As such, Emperor Securities will make on behalf of the Offeror a mandatory unconditional cash offer for all the issued Shares other than those already owned or agreed to be acquired by the Offeror, Mr Lau Ko Yuen, Tom and parties acting in concert with any of them pursuant to Rule 26.1 of the Takeovers Code. The offer price will be HK\$0.90 per Share, which is equal to the price per Share under the Share Purchase Agreement based on the 65,120,710 Shares held by Favor Hero. Emperor Capital Limited, the financial adviser of the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

## **GENERAL**

Rule 8.2 of the Takeovers Code provides that an offer document should normally be posted to the Shareholders within 21 days of the date of this announcement or such later date as the Executive may approve. It is intended by the Offeror and the Company that the offer document and the offeree board circular be combined in a composite document and to be posted within such period. The composite document will set out, among other things, details of the Offer, a letter of advice from the Independent Board Committee in relation to the Offer and as to acceptance and a letter of advice from an independent financial adviser in respect of the Offer and as to acceptance.

Rule 2.1 of the Takeovers Code provides that an Independent Board Committee shall be formed to advise the Independent Shareholders on the terms of the Offer and an independent financial advisor shall be appointed to advise the Independent Board Committee and the Independent Shareholders in this respect. Further announcement will be made when the independent financial adviser is appointed.

## **SUSPENSION AND 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 14 October 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 19 October 2009.

## SHARE PURCHASE AGREEMENT

Date: 13 October 2009

Vendor: Mr. Lam Kwing Wai, Alvin Leslie, the sole legal and beneficial owner of Favor Hero, a company incorporated in the British Virgin Islands with limited liability, before Completion

Purchaser: the Offeror

Other than interest in the Company arising from Completion, the Offeror and its ultimate beneficial owner are independent of the Company and are not connected persons (as defined in the Listing Rules) of the Company and are not connected with the Vendor and his associates.

### Sale Share

Pursuant to the Share Purchase Agreement, the Offeror has agreed to acquire the entire issued share capital of Favor Hero, the legal and beneficial owner of 65,120,710 Shares, representing approximately 50.76% of the existing issued share capital of the Company.

### Consideration

Cash consideration of HK\$58,608,639 in aggregate, equivalent to HK\$0.90 per Share based on the 65,120,710 Shares held by Favor Hero, was arrived at after arm's length negotiations among the Offeror and the Vendor taking into consideration of the price and trading volume of the Shares, the unaudited consolidated net asset value per Share as at 30 June 2009 and the historical financial position and performance of the operations of the Group. The whole of the consideration has been paid on Completion.

### MANDATORY UNCONDITIONAL CASH OFFER

Upon Completion, the Offeror, Mr. Lau Ko Yuen, Tom and parties acting in concert with any of them are now interested in 65,120,710 Shares, representing approximately 50.76% of the issued share capital of the Company. Under Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer to acquire all the issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it. Emperor Securities will make on behalf of the Offeror a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, Mr. Lau Ko Yuen, Tom and parties acting in concert with any of them) pursuant to Rule 26.1 of the Takeovers Code on the following basis:

**For each Share ..... HK\$0.90 in cash**

The offer price is the same as the price per Share under the Share Purchase Agreement based on the 65,120,710 Shares held by Favor Hero.

As at the date of this announcement, the Company has no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of any such securities, options, derivatives or warrants of the Company.

Save as entering into the Share Purchase Agreement and Completion thereof, the Offeror, Mr. Lau Ko Yuen, Tom and parties acting in concert with any of them have not dealt in any Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares during the six months prior to the date of this announcement.

Pursuant to the Takeovers Code, Emperor Securities is presumed to be acting in concert with the Offeror for the purpose of the Offer. Save for (i) non-discretionary dealings in the Shares for and on behalf of its individual clients by Emperor Securities, and (ii) entering into the financing arrangement with the Offeror for financing the Offer as mentioned in the paragraph headed "Total Consideration" below, there has been no dealing of the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares by Emperor Securities during the six months period immediately prior to and including the date of this announcement.

### **Comparisons of value**

The offer price of HK\$0.90 per Share is equal to the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on 13 October 2009, being the last trading day immediately prior to the suspension of trading in the Shares on 14 October 2009 and represents:

- (a) a premium of approximately 5% over the average closing price of approximately HK\$0.86 per Share for the last 5 trading days immediately prior to the suspension of trading in the Shares on 14 October 2009;
- (b) a premium of approximately 6% over the average closing price of approximately HK\$0.85 per Share for the last 10 trading days immediately prior to the suspension of trading in the Shares on 14 October 2009;
- (c) a discount of approximately 69.80% to the audited consolidated net asset value per issued Share of approximately HK\$2.98 as at 31 December 2008, based on the Company's annual report for the year ended 31 December 2008 and 124,689,200 Shares in issue as at 31 December 2008;
- (d) a discount of approximately 68.31% to the unaudited consolidated net asset value per Share of approximately HK\$2.84 as at 30 June 2009 and 128,289,200 Shares in issue as at 30 June 2009; and
- (e) a discount of approximately 52.88% to the unaudited consolidated net asset value per Share of approximately HK\$1.91 as at 30 September 2009 and 128,289,200 Shares in issue as at 30 September 2009.

## **Highest and lowest Share prices**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding 13 October 2009, being the last trading day prior to the suspension of trading in the Shares on 14 October 2009 were HK\$1.226 per Share on 6 July 2009 and 7 July 2009 and HK\$0.483 per Share on 28 April 2009 respectively.

## **Total consideration**

On the basis of the offer price of HK\$0.90 per Share, the entire issued share capital of the Company of 128,289,200 Shares is valued at approximately HK\$115 million. Based on 63,168,490 Shares subject to the Offer, the Offer is valued at approximately HK\$57 million based on the offer price.

The Offeror will finance the Offer by a loan facility provided by Emperor Securities to the Offeror which is solely for the purpose of funding the Offer. All the Shares beneficially owned by Favor Hero (and those to be acquired by the Offeror and/or by Favor Hero under the Offer) will be deposited with and all issued shares of both the Offeror and Favor Hero will be charged to Emperor Securities as collateral for the loan facility. Emperor Capital Limited, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

## **Effect of accepting the Offer**

By accepting the Offer, Shareholders will sell their Shares to the Offeror or its nominee free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any.

## **Stamp duty**

Seller's ad valorem stamp duty arising in connection with the acceptance of the Offer at a rate of HK\$1 for every HK\$1,000 (or part thereof) of the value of the consideration payable in respect of the relevant acceptance by the Shareholders will be deducted from the amount payable to the relevant Shareholders who accept the Offer. The Offeror will arrange for payment of the stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

## SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company immediately before and upon Completion:

	Shareholding structure immediately before Completion		Shareholding structure upon Completion	
	Number of Shares	%	Number of Shares	%
The Vendor and parties acting in concert with it ( <i>Note 1</i> )	65,120,710	50.76	—	—
China Investment Fund Company Limited ( <i>Note 2</i> )	11,196,000	8.73	11,196,000	8.73
Cosmopolitan International Holdings Limited ( <i>Note 3</i> )	12,000,000	9.35	12,000,000	9.35
The Offeror, Mr. Lau Ko Yuen, Tom and parties acting in concert with any of them ( <i>Note 4</i> )	—	—	65,120,710	50.76
Public	<u>39,972,490</u>	<u>31.16</u>	<u>39,972,490</u>	<u>31.16</u>
	<u><u>128,289,200</u></u>	<u><u>100.00</u></u>	<u><u>128,289,200</u></u>	<u><u>100.00</u></u>

### Notes:

1. The Vendor, Mr. Lam Kwing Wai, Alvin Leslie was the sole legal and beneficial owner of Favor Hero before Completion took place.
2. Delux Famous Business Limited held 11,100,000 Shares and is a wholly-owned subsidiary of China Investment Fund Company Limited which is therefore deemed to be interested in 11,100,000 Shares held by Delux Famous Business Limited.
3. Sinofame International Limited held 12,000,000 Shares and is an indirect wholly-owned subsidiary of Cosmopolitan International Holdings Limited. Cosmopolitan International Holdings Limited is therefore deemed to be interested in 12,000,000 Shares held by Sinofame International Limited.
4. Upon Completion, Favor Hero becomes wholly-owned by the Offeror and Mr. Lau Ko Yuen, Tom is the sole legal and beneficial owner of the Offeror.

## INFORMATION ON THE GROUP

The Company is principally engaged in investment in both listed and unlisted securities.

The following is a summary of the Group's audited financial results for each of the two years ended 31 December 2007 and 2008 based on the Group's audited consolidated financial results as stated in the 2008 annual report of the Company:

	Year ended 31 December	
	2008	2007
	HK\$	HK\$
Revenue	(4,607,488)	16,966,483
(Loss)/Profit before taxation	(53,461,685)	151,008,611
(Loss)/Profit attributable to the Shareholders	(53,559,459)	150,238,913

The Group has a market capitalization of approximately HK\$115.5 million based on the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on 13 October 2009.

## INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands and wholly-owned by Mr Lau Ko Yuen, Tom. It has not carried on any business since incorporation other than acquiring Favor Hero pursuant to the Share Purchase Agreement.

Except for the interest in the 65,120,710 Shares held by Favor Hero acquired under the Share Purchase Agreement, none of the Offeror, Mr. Lau Ko Yuen, Tom and parties acting in concert with any of them are beneficially interested in any Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

Save for the loan facility arrangement made between the Offeror and Emperor Securities for the financing of the Offer as mentioned in the paragraph "Total Consideration" above, there was no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Company and which might be material to the Offer.

As at the date of this announcement, there were no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

None of the Offeror, Mr. Lau Ko Yuen, Tom or parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the six months period immediately prior to and including the date of this announcement.

None of the Offeror, Mr. Lau Ko Yuen, Tom or parties acting in concert with any of them has received any irrevocable commitment to accept the Offer.

## **INTENTION OF THE OFFEROR REGARDING THE GROUP**

Following Completion, the Offeror intends to continue the existing businesses of the Group. The Offeror will review the financial position and operations of the Group from time to time and may explore other business/investment opportunities for the Group. The Offeror has no intention to inject any assets or businesses into the Group after Completion. The Offeror intends that the Company will maintain the listing status of the Shares on the Stock Exchange.

## **PROPOSED CHANGE OF BOARD COMPOSITION**

The Board is pleased to announce that Mr. Lau Ko Yuen, Tom will be appointed as the non-executive Director of the Company. The appointment will take effect from the date immediately after the offer document or composite document has been posted as required by the Takeovers Code. The Offeror has not yet decided any further nomination to the Board. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made accordingly.

Mr. Lau Ko Yuen, Tom, aged 58, has over 36 years of international experience in investment, corporate development and management in infrastructure developments as well as construction and engineering services involving road, rail, port, power, telecommunications, mining and resources sectors in the Asia Pacific Region. At present, Mr. Lau is the Deputy Chairman and Managing Director of PYI Corporation Limited (00498.HK), a significant developer, owner and operator of major bulk cargo ports in the Yangtze River Region in China. He is also the Deputy Chairman (Non-Executive Director) of Paul Y. Engineering Group Limited (00577.HK) and an Independent Non-Executive Director of China National Building Material Company Limited (03323.HK).

## **COMPOSITE DOCUMENT**

Rule 8.2 of the Takeovers Code provides that an offer document should normally be posted to the Shareholders within 21 days of the date of this announcement or such later date as the Executive may approve. It is intended by the Offeror and the Company that the offer document and the offeree board circular be combined in a composite document and to be posted within such period. The composite document will set out, among other things, details of the Offer, a letter of advice from the Independent Board Committee of the Company in relation to the Offer and as to acceptance and a letter of advice from an independent financial adviser in respect of the Offer and as to acceptance.

Rule 2.1 of the Takeovers Code provides that an Independent Board Committee shall be formed to advise the Independent Shareholders on the terms of the Offer and an independent financial advisor shall be appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

A further announcement will be made when the independent financial adviser is appointed.



## **DEALINGS IN THE SHARES**

Associates of the Offeror and the Company are reminded to disclose their dealings in the Shares in accordance with the requirements of the Takeovers Code. Stockbrokers, banks and others who deal in the Shares on behalf of their clients should note that they have a general duty to ensure, so far as they are able, that their clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that their clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules under the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in the Shares should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

## **SUSPENSION AND RESUMPTION OF TRADING IN SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 14 October 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 19 October 2009.

## **GENERAL**

As at the date of this announcement, the Executive Directors are Mr. Lam Kwing Wai, Alvin Leslie and Mr. Cheuk Yuk Lung and the Independent Non-Executive Directors are Mr. Chan Siu Wing, Raymond, Mr. Yan Mou Keung, Ronald and Mr. Chan Fai Yue, Leo.

## **DEFINITIONS**

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Company” or “Offeree”	Prosperity Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange

“Completion”	completion of the sale and purchase of the entire issued share capital of Favor Hero in accordance with the terms and conditions of the Share Purchase Agreement which took place on 13 October 2009
“Director(s)”	director(s) of the Company from time to time
“Emperor Securities”	Emperor Securities Limited, a licensed corporation under the SFO and is licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Favor Hero”	Favor Hero Investments Limited, a substantial Shareholder, which is a company incorporated in the British Virgin Islands with limited liability, and upon Completion its ultimate beneficial owner is Mr. Lau Ko Yuen, Tom
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all the non-executive Directors, who have no direct or indirect interest in the Offer, to advise the Independent Shareholders on the terms of the Offer and as to acceptance
“Independent Shareholders”	Shareholders other than the Offeror, Mr. Lau Ko Yuen, Tom and parties acting in concert with any of them (including Favor Hero)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the mandatory unconditional cash offer for all the issued Shares to be made by Emperor Securities on behalf of the Offeror (other than those already owned or agreed to be acquired by the Offeror, Mr. Lau Ko Yuen, Tom and parties acting in concert with any of them) pursuant to Rule 26.1 of the Takeovers Code
“Offeror”	Sun Matrix Limited, a company incorporated in the British Virgin Islands with limited liability and is ultimately wholly owned by Mr. Lau Ko Yuen, Tom

“Sale Share”	one share of US\$1.00 in the issued capital of Favor Hero, representing the entire issued share capital of Favor Hero agreed to be acquired by the Offeror from the Vendor pursuant to the terms and conditions of the Share Purchase Agreement
“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\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Share Purchase Agreement”	the share purchase agreement dated 13 October 2009 and entered into between the Vendor and the Offeror in relation to the acquisition by the Offeror of the Sale Share from the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Mr. Lam Kwing Wai, Alvin Leslie
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

By Order of the Board

**Sun Matrix Limited**  
**LAU Ko Yuen, Tom**  
*Sole Director*

**Prosperity Investment Holdings Limited**  
**LAM Kwing Wai, Alvin Leslie**  
*Chairman*

Hong Kong, 16 October 2009

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

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*This announcement is also available for viewing on the designated website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.irasia.com/listco/hk/prosperityinv/index.htm](http://www.irasia.com/listco/hk/prosperityinv/index.htm)*