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ELEGANCE OPTICAL INTERNATIONAL HOLDINGS LIMITED

高雅光學國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 907)

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE TARGET COMPANY

On 8 August 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company and the Vendor entered into the Agreement pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Sale Share for a total consideration of HK\$35,000,000.

The Consideration of HK\$35,000,000 for the sale and purchase of the Sale Share shall be settled by (i) as to HK\$3,500,000 has been satisfied by the Purchaser to the Vendor's solicitors in cash as stakeholding money upon the signing of the Agreement as refundable deposit (which on Completion shall form part of the Consideration); and (ii) as to the remaining balance of HK\$31,500,000 shall be satisfied by the Purchaser to the Vendor in cash, cashier order or by solicitor's cheque on the Completion Date.

The Proposed Acquisition is subject to the fulfilment of the conditions precedent as detailed in the paragraph headed "Conditions Precedent" in this announcement.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios for the transaction under the Agreement calculated in accordance with the Listing Rules are more than 5% but less than 25%, the Agreement and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 16 June 2017 in relation to the memorandum of understanding entered into between the Vendor and the Purchaser. After further negotiation with the Vendor and due diligence review conducted on the Target Company, the Purchaser agreed to acquire the Target Company subject to the terms and conditions of the Agreement.

On 8 August 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company and the Vendor entered into the Agreement pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Sale Share for a total consideration of HK\$35,000,000. Set out below are the principal terms of the Agreement.

THE AGREEMENT

Date: 8 August 2017 (after trading hours of the Stock Exchange)

Parties: (1) Paramount Grand Holdings Limited, as the Purchaser; and
(2) Wong Wai, David, as the Vendor.

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

The Purchaser is a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in property investment.

Assets to be acquired

Pursuant to the Agreement, the Purchaser agreed to acquire and the Vendor agreed to sell the Sale Share. As at the date of this announcement, the Vendor owned the Sale Share, representing 100% of the total issued share capital of the Target Company.

Consideration

The Consideration for the sale and purchase of the Sale Share is HK\$35,000,000 (subject to adjustment) and shall be satisfied in the following manners:

- (i) as to HK\$3,500,000 has been paid by the Purchaser to the Vendor's solicitors in cash as stakeholding money upon the signing of the Agreement as refundable deposit (which on Completion shall form part of the Consideration); and
- (ii) as to the remaining balance of HK\$31,500,000 (subject to adjustment) shall be payable by the Purchaser to the Vendor in cash, cashier order or by solicitor's cheque on the Completion Date.

The Consideration shall be adjusted according to the following formula:

$$A = \text{HK\$}35,000,000 + B - C$$

Where:

A is the adjusted Consideration;

B is an amount equal to the value of all monetary assets of the Target Company (including but not restricted to pre-paid management fees, rates, government rent and other outgoings and utility deposits) but excluding the Properties as shown in the Completion Accounts; and

C is an amount equal to the value of all monetary liabilities of the Target Company (including but not restricted to any tax liabilities incurred) as shown in the Completion Accounts.

The Consideration of HK\$35,000,000 was determined after arm's length negotiation between the Purchaser and the Vendor with reference to the prevailing market conditions, the location of the Property and the market price of comparable properties in the same area.

Conditions Precedent

Completion shall be conditional upon and subject to:

- (i) the Purchaser being satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Target Company to be conducted pursuant to the Agreement;
- (ii) the Vendor having procured the Target Company to give and prove a good title to the Properties in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong);
- (iii) the Property is in vacant possession;
- (iv) the Vendor having provided evidence satisfactory to the Purchaser that the Mortgage has been released; and
- (v) the Vendor having procured the Target Company to complete all necessary tax filings up to the Completion Date and having provided a tax computation including tax provision, if any, covering the period from 1 January 2017 up to the Completion Date (such that if there is any tax provision, the Consideration will be adjusted downwards by a sum equivalent to the amount of the relevant tax provision).

The Purchaser may at any time waive all of the above conditions. If the above conditions have not been satisfied (or as the case may be, waived by the Purchaser) within two months from the date of the Agreement, or such later date as the Vendor and the Purchaser may agree in writing, the Purchaser shall have the right to terminate the Agreement and the Vendor shall repay the deposit (without interest) to the Purchaser and thereafter none of the parties to the Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place at 5:00 p.m. on the Completion Date and upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is an investment holding company incorporated in Hong Kong with limited liability and is principally engaged in property letting business.

As at the date of this announcement, the Target Company is holding the Property, which consists of (i) a residential property, House No. 203, with a total gross floor area of approximately 4,200 square feet, and (ii) two car parking spaces located at Boulevard Du Lac, The Beverly Hills, No. 23 Sam Mun Tsai Road, Tai Po, New Territories, Hong Kong.

The audited financial information of the Target Company is set out below:

	31 December 2016	31 December 2015
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Profit before taxation	484	398
Profit after taxation	484	398
Net assets (<i>Note</i>)	1,925	1,441

Note: An amount due to the sole director of the Target Company of HK\$33,535,000 and HK\$33,415,000 were deducted in the net assets of the Target Company as at 31 December 2016 and 31 December 2015 respectively, which had been waived (the “Waiver”) on the date of the Agreement. The adjusted net assets of the Target Company as at 31 December 2016 and 31 December 2015 were HK\$35,461,000 and HK\$34,856,000 respectively as if the Waiver had taken place and completed on 31 December 2016 and 31 December 2015. The valuation of the Property performed by an independent professional valuer as at 7 July 2017 was HK\$35,000,000.

REASONS FOR AND BENEFITS OF THE AGREEMENT

The Group is principally engaged in the manufacturing and trading of optical frames and sunglasses, property and other investments and money lending business.

The Board believes that the entering into of the Agreement will (i) diversify the Group's business; (ii) strengthen the asset base of the Group; and (iii) provide a capital appreciation potential to the Group. On the above basis, the Directors consider that the terms of the Agreement (including the Consideration) are on normal commercial terms, and fair and reasonable. The Directors also consider that the Proposed Acquisition is in the interests of the Shareholders and the Company as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios for the transaction under the Agreement calculated in accordance with the Listing Rules are more than 5% but less than 25%, the Agreement and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings given to them as below:

“Agreement”	the sale and purchase agreement dated 8 August 2017 and entered into between the Purchaser and the Vendor in respect of the sale and purchase of the Sale Share
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Elegance Optical International Holdings Limited, a company incorporated in Bermuda with limited liability, whose issued Shares are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Share in accordance with the terms and conditions of the Agreement
“Completion Accounts”	the management accounts of the Target Company comprising the unaudited profit and loss account and balance sheet of the Target Company for the period immediately after the Management Accounts Date up to and inclusive of the Completion Date certified to be true and correct by a director of the Target Company

“Completion Date”	within five Business Days after the fulfilment (or waiver as the case may be) of the conditions precedent under the Agreement or such other date as the Vendor and the Purchaser may agree in writing
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration to be satisfied by the Purchaser to the Vendor for the sale and purchase of the Sale Share
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	the independent third party who is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, independent of and not connected with the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Accounts Date”	30 June 2017
“Proposed Acquisition”	the proposed acquisition of the Sale Share by the Purchaser subject to and upon the terms and conditions of the Agreement
“Property”	the property located at House No. 203 and two car parking spaces located at Boulevard Du Lac, The Beverly Hills, No. 23 Sam Mun Tsai Road, Tai Po, New Territories, Hong Kong
“Purchaser”	Paramount Grand Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale Share”	one ordinary share of the Target Company, representing the entire issued share capital of the Target Company
“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

“Target Company”	Gold & Silver Holdings Limited, a company incorporated in Hong Kong with limited liability
“Vendor”	Wong Wai, David, who is an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Elegance Optical International Holdings Limited
Wong Chi Yan
Executive Director

Hong Kong, 8 August 2017

Executive Directors:

Mr. Hui Leung Wah
Ms. Wong Chi Yan
Mr. Chan Wai Kit

Independent non-executive Directors:

Mr. Chan Wei
Mr. Chan Ming Kei
Mr. Wan Kin Man, Tony