

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF ALL ISSUED SHARES IN AND LOANS DUE BY THE DISPOSAL COMPANY

THE DISPOSAL AGREEMENT

On 25 January 2018 (after trading hours of the Stock Exchange), the Vendor, being a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell the Sale Shares and procure EOML to sell the Sale Loan and the Purchaser has conditionally agreed to acquire the Sale Shares and Sale Loan for a total consideration of HK\$79,000,000.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Purchaser is wholly-owned by Mr. Hui, a former executive Director who had resigned in the last 12 months, and hence is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction on the part of the Company and are subject to, among others, the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chan Wei, Mr. Chan Ming Kei, Mr. Wan Kin Man, Tony and Mr. Chen Youchun, will be established to consider, and to advise the Independent Shareholders regarding the Disposal and the transactions contemplated thereunder, and as to whether the Disposal is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve by way of poll, among other matters, the Disposal Agreement and the transactions contemplated thereunder.

A circular, containing, among other things, (i) details of the Disposal Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal; (iv) a valuation report on the Property; and (v) a notice to convene the SGM, will be despatched to the Shareholders on or before 15 February 2018.

On 25 January 2018 (after trading hours of the Stock Exchange), the Vendor, being a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell the Sale Shares and procure EOML to sell the Sale Loan and the Purchaser has conditionally agreed to acquire the Sale Shares and Sale Loan for total consideration of HK\$79,000,000. Details of the Disposal Agreement are set out below:

THE DISPOSAL AGREEMENT

Date: 25 January 2018 (after trading hours of the Stock Exchange)

Parties: (1) Elegance Group Limited, as the Vendor; and
(2) Raising King Ventures Limited, as the Purchaser

The Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Hui, a former executive Director who had resigned in the last 12 months.

The Vendor is an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Vendor has conditionally agreed to sell the Sale Shares and procure EOML to sell the Sale Loan and the Purchaser has conditionally agreed to acquire the Sale Shares and Sale Loan. As at the date of this announcement, the Vendor beneficially owns the Sale Shares, representing all issued shares in the Disposal Company. Pursuant to a declaration of trust dated 6 October 1999 and executed by EOIL, the one share in the Disposal Company held by EOIL is held on trust for the Vendor.

The Sale Loan represents all obligations, liabilities and debts owing or incurred by the Disposal Company to EOML on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion. As at the date of the Disposal Agreement, the Sale Loan amounted to approximately HK\$17,718,700.

Consideration

The total consideration for the sale and purchase of the Sale Shares and the Sale Loan is HK\$79,000,000, which shall be satisfied in the following manner:

- (a) as to HK\$10,000,000 shall be paid by the Purchaser to the Vendor in cash within 10 Business Days after the signing of the Disposal Agreement as the First Deposit (which on Completion shall form part of the Consideration);
- (b) as to HK\$10,000,000 shall be paid by the Purchaser to the Vendor in cash within 20 Business Days after the signing of the Disposal Agreement as the Second Deposit (which on Completion shall form part of the Consideration); and
- (c) as to the remaining balance in the amount of HK\$59,000,000 shall be paid by the Purchaser to the Vendor in cash on the Completion Date.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor having taken into account, among other things, the preliminary valuation performed by a professional independent valuer of the appraised market value of the Property as at 5 January 2018 of approximately HK\$79,000,000 under the direct comparison approach.

The Directors (other than members of the Independent Board Committee, who will give their opinion after having considered the recommendation from the Independent Financial Adviser) consider that the entering into of the Disposal Agreement is on normal commercial terms and the terms of the Disposal including the Consideration are fair and reasonable and is in the interests of the Group and the Shareholders as a whole.

Conditions precedent

Completion shall be subject to the following conditions being satisfied (or waived, if applicable):

- (a) the Vendor having procured the Disposal Company to give and prove a good title to the Property in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong);
- (b) the Property is in vacant possession; and
- (c) the passing by the Independent Shareholders at a general meeting of the Company to be convened and held of an ordinary resolution to approve the Disposal Agreement and the transactions contemplated thereunder.

The Purchaser may at its absolute discretion at any time waive in writing conditions (a) and (b) above. Condition (c) above is not capable of being waived. If the above conditions have not been satisfied (or as the case may be, waived by the Purchaser) on or before 30 April 2018 (or such later date as the Vendor and the Purchaser may agree in writing), the Disposal Agreement shall cease and determine and the Vendor shall repay the Deposits (without interest) to the Purchaser and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

The completion of the Disposal shall take place at 5:00 p.m. on the Completion Date. Upon Completion, the Disposal Company will cease to be a subsidiary of the Company.

INFORMATION ON THE DISPOSAL COMPANY

The Disposal Company is a company incorporated in Hong Kong and is principally engaged in property investment. The Disposal Company's principal asset is the Property, which is a residential property located at House No. 17 of Deerhill Avenue of Deerhill Bay, No.4699 Tai Po Road, Tai Po Kau, Tai Po, New Territories, Hong Kong with a total gross floor area of approximately 3,361 square feet.

Set out below is the financial information of the Disposal Company for the two years ended 31 March 2017:

	For the year ended 31 March 2016 (HK\$'000) audited	For the year ended 31 March 2017 (HK\$'000) audited
Revenue	900	900
Loss before taxation	(38)	(37)
Loss after taxation	(81)	(79)

The unaudited net liabilities of the Disposal Company as at 30 September 2017 was approximately HK\$1,300,000.

FINANCIAL EFFECT OF THE DISPOSAL

Upon completion of the Disposal, the Group is expected to record an unaudited gain before taxation on the Disposal of approximately HK\$80,300,000. Such unaudited gain before taxation is estimated based on the difference between the gross proceeds from the Disposal of HK\$79,000,000 and the net liabilities of the Disposal Company as at 30 September 2017. The Board intends to apply the net proceeds from the Disposal of approximately HK\$78,000,000 as general working capital of the Group and for potential acquisitions and investments. Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial results of the Disposal Company will no longer be consolidated into the Company's consolidated financial statements.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company, is an investment holding company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 907). Its subsidiaries are engaged in the manufacturing and trading of optical frames and sunglasses, property investment, investment in debt and securities, money lending and films distribution.

The Directors (excluding the independent non-executive Directors whose views will be expressed after considering the advice from the Independent Financial Adviser) are of the opinion that the recent thriving residential property market in Hong Kong provides a good opportunity for the Group to realise its investments in the Disposal Company and strengthen the Group's liquidity. The Directors considered that since the Property had been acquired by the Vendor, it had been occupied by Mr. Hui and his family for residential purpose and therefore the Disposal will not create any adverse material impact on the business operations of the Group. Further, if the Disposal is completed, the net proceeds arising from the Disposal will make a positive contribution to the cashflow and financial position of the Group and will be used by the Group as general working capital and for potential acquisitions and investments.

Having considered the reasons for and the benefits of the Disposal set out above, the Directors (excluding the independent non-executive Directors whose views will be expressed after considering the advice from the Independent Financial Adviser) are of the opinion that the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

As none of the Directors have any material interest in the Disposal, they are not required to abstain from voting on the Board resolutions for approving the Disposal Agreement and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Purchaser is wholly-owned by Mr. Hui, a former executive Director who had resigned in the last 12 months, and hence is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal Agreement also constitutes a connected transaction on the part of the Company and are subject to, among others, the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chan Wei, Mr. Chan Ming Kei, Mr. Wan Kin Man, Tony and Mr. Chen Youchun, will be established to consider, and to advise the Independent Shareholders regarding the Disposal and the transactions contemplated thereunder, and as to whether the Disposal is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve by way of poll, among other matters, the Disposal Agreement and the transactions contemplated thereunder. As at the date of this announcement, the Purchaser and his associates, are interested in 200,000 Shares, representing approximately 0.05% of the total issued share capital of the Company. The Purchaser and his associates, not being Independent Shareholders, will be required to abstain from voting for the resolution(s) in respect of the Disposal Agreement at the SGM.

A circular, containing, among other things, (i) details of the Disposal Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal; (iv) a valuation report on the Property; and (v) a notice to convene the SGM, will be despatched to the Shareholders on or before 15 February 2018.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Elegance Optical International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock code: 907)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Completion Date”	within five Business Days after the fulfilment (or waiver as the case may be) of the conditions precedent under the Disposal Agreement or such later 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 total consideration to be satisfied by the Purchaser to the Vendor for the Disposal
“Deposits”	collectively, the First Deposit and Second Deposit
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares and the Sale Loan by the Vendor pursuant to the terms of the Disposal Agreement
“Disposal Agreement”	the agreement dated 25 January 2018 and entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Shares and the Sale Loan
“Disposal Company”	Grand River Investment Limited, a company incorporated in Hong Kong with limited liability
“EOIL”	Elegance Optical Investments Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of the Vendor

“EOML”	Elegance Optical Manufactory Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Vendor
“First Deposit”	the refundable first deposit in the sum of HK\$10,000,000 payable by the Purchaser to the Vendor in accordance with the terms and conditions of the Disposal Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors to be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders regarding the Disposal and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders (other than the Purchaser and his associates) which are not required to abstain from voting at the SGM to approve the Disposal Agreement and the transactions contemplated hereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hui”	Mr. Hui Leung Wah, a former executive Director
“Property”	the property located at House No. 17 of Deerhill Avenue of Deerhill Bay, No. 4699 Tai Po Road, Tai Po Kau, Tai Po, New Territories, Hong Kong
“Purchaser”	Raising King Ventures Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Disposal Company to EOML on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion
“Sale Shares”	two ordinary shares of the Disposal Company, representing all issued shares in the Disposal Company

“Second Deposit”	the refundable second deposit in the sum of HK\$10,000,000 payable by the Purchaser to the Vendor in accordance with the terms and conditions of the Disposal Agreement
“SGM”	a special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other matters, the Disposal Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Elegance Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 25 January 2018

As at the date of this announcement, the executive Directors are Ms. Wong Chi Yan, Mr. Chan Wai Kit, Ms. Liu Shufeng and Ms. Ma Yilin, and the independent non-executive Directors are Mr. Chan Wei, Mr. Chan Ming Kei, Mr. Wan Kin Man, Tony and Mr. Chen Youchun.