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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)

ANNOUNCEMENT

**PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE,
RULE 13.09 OF THE LISTING RULES
AND
INSIDE INFORMATION PROVISIONS
UNDER PART XIVA OF THE SECURITIES AND FUTURES
ORDINANCE
AND
RESUMPTION OF TRADING**

NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING

After trading hours of the Stock Exchange on 11 April 2016, the Company was informed by the Seller that the Seller had entered into the MOU with the Potential Purchaser, who is an independent third party not connected to the Company nor any of its connected person, regarding the Possible Sale.

The Potential Purchaser has been granted an exclusivity period under the MOU, commencing from the date of the MOU up to and including 30 April 2016, during which the Seller will notify the Potential Purchaser if he or any of his employees, agents or advisers receives any offer or expressions of interest relating to the Possible Sale or disposal of the Sale Shares (or any material part of the assets of the Group.)

The Possible Sale is subject to further negotiations between the Seller and the Potential Purchaser and the execution of the Definitive Documents. Shareholders will be informed of any further development with regard to the Possible Sale as and when necessary in accordance with the Listing Rules and the Takeover Code.

Resumption of trading

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 12 April 2016 pending release of this announcement. An 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 9:00 a.m. on 13 April 2016.

Warning:

Shareholders and potential investors of the Company should be aware that the terms of the Possible Sale are subject to further negotiations between the Seller and the Potential Purchaser, and the completion of the Possible Sale is subject to Definitive Documents being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion as may be specified therein. The Possible Sale may or may not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

This announcement is made by the Company pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING

After trading hours of the Stock Exchange on 11 April 2016, the Company was informed by the Seller that the Seller had entered into the MOU with the Potential Purchaser, who is an independent third party not connected to the Company nor any of its connected person, regarding the Possible Sale. The MOU sets forth the understanding and certain preliminary terms in relation to the Possible Sale amongst the parties thereto. The price of the Sale Shares is subject to due diligence and the Sale and Purchase Agreement.

If the Possible Sale is materialised, the Potential Purchaser and any parties acting in concert with it are obligated to make a mandatory unconditional general offer for all the Shares (other than those already owned or agreed to be acquired by them) under the Takeovers Code and to make an appropriate offer to the holders of any convertible securities (if any). Following completion of the Possible Sale, the Seller will cease to be the controlling shareholder of the Company and the Potential Purchaser will become a controlling shareholder of the Company.

The Seller will procure that the Sale Shares represent not less than 51% interest in the issued share capital of the Company, including 153,624,000 Shares, representing approximately 47.47% of the issued Shares beneficially held by the Seller and his associates as at the date of this announcement.

The discussions in respect of the Possible Sale are still in progress and the Possible Sale may, or may not, eventuate in the entering into of the Sale and Purchase Agreement.

Earnest Money and due diligence on the Group

The Potential Purchaser shall, within five Business Days after the execution of the MOU (or such later date as the Escrow Agent shall have been duly appointed) pay the Earnest Money to the order of the Escrow Agent to hold as evidence of the Potential Purchaser's good faith. The Earnest Money will become a refundable deposit and form part of the consideration of the Possible Sale upon completion of the Sale and Purchase Agreement.

In the event that the Seller and the Potential Purchaser for whatever reason fail to enter into the Sale and Purchase Agreement in respect of the Possible Sale by 30 April 2016, or if the Seller and the Potential Purchaser mutually agree not to pursue the Possible Sale prior to such date, the Potential Purchaser may immediately cause the Earnest Money to be returned to the Potential Purchaser in full (without interest).

Conditions precedent

The Parties' agreement in respect of the Possible Sale shall be conditional on the following:

- a. the Potential Purchaser and its advisers carrying out legal, business, financial and regulatory due diligence in respect of the Group to the satisfaction of the Potential Purchaser;
- b. the consolidated net asset value of the Company as at 31 March 2016 being not less than HK\$380 million;
- c. the obtaining of all necessary governmental and regulatory consents and approvals in connection with the Possible Sale;
- d. the obtaining of all other necessary consents from relevant third parties in connection with the Possible Sale and any related transactions to be agreed in the Definitive Documents;
- e. there being no circumstances which may lead to the Shares being suspended for trading for more than ten consecutive days;
- f. the negotiation and execution of the Definitive Documents by the Seller and the Potential Purchaser and completion in accordance with their terms; and

g. any other conditions which may be agreed by the Parties.

Exclusivity

The Seller has agreed to grant to the Potential Purchaser a binding exclusive period commencing from the signing date of the MOU up to and including 30 April 2016.

The Seller will notify the Potential Purchaser immediately if he or any of his employees, agents or advisers receives any offer or expressions of interest relating to the possible sale or disposal of the Sale Shares (or any part thereof) or of any material part of the assets of the Group.

Except as required by law, the Seller will not directly or indirectly make known to any third party during the above mentioned exclusivity period the Potential Purchaser's interest in purchasing the Sale Shares.

Non-legally binding effect of the MOU

The provisions in relation to, among others, the Earnest Money, confidentiality, exclusivity, costs and expenses and governing law and jurisdiction in the MOU are legally binding. Save and except for these provisions, other provisions of the MOU do not have any legally binding effect.

SECURITIES OF THE COMPANY

The relevant securities of the Company in issue as at the date of this announcement comprise of 323,649,123 Shares. Save as aforementioned, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

DEALING DISCLOSURE

For the purposes of the Takeovers Code, the offer period commences on the date of this announcement, being 12 April 2016.

The associates of the Company are hereby reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

In compliance with Rule 3.7 of the Takeovers Code, the Directors will keep the market informed in compliance with the Listing Rules and the Takeovers Code and in particular by way of announcement on a monthly basis until an announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the possible general offer in compliance with the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those 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. 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 7 day period is less than \$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 relevant securities 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.”

RESUMPTION OF TRADING

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Warning:

Shareholders and potential investors of the Company should be aware that the terms of the Possible Sale are subject to further negotiations between the Seller and the Potential Purchaser, and the completion of the Possible Sale is subject to the Definitive Documents being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion as may be specified therein. The Possible Sale may or may not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

DEFINITIONS

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

“associates”	as defined in the Takeovers Code, including but not limited to any person holding 5% or more of a class of relevant securities
“Business Day(s)”	any day (excluding Saturdays and Sundays) on which banks generally are open for business in Hong Kong
“Company”	Elegance Optical International Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 907)
“connected person”	as defined in the Listing Rules
“Controlling shareholder”	as defined in the Listing Rules
“Definitive Documents”	the legally binding definitive documents, to be negotiated between the Parties, including the Sale and Purchase Agreement and a deed of indemnity in respect of taxation liabilities, and/or such other agreements and documents as may be agreed by the Parties
“Director(s)”	the director(s) of the Company
“Earnest Money”	HK\$10,000,000 to be paid by the Potential Purchaser to the to the Escrow Agent within five Business Days after the execution of the MOU (or such later date as the Escrow Agent shall have been duly appointed)
“Escrow Agent”	a third party to be appointed by the Potential Purchaser, being the escrow agent to hold the Earnest Money as evidence of the Potential Purchaser’s good faith
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules” Exchange	The Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 11 April 2016 and entered into between the Company and the Potential Purchaser in relation to the Possible Sale
“Parties”	the Seller and the Potential Purchaser
“Potential Purchaser”	a potential purchaser, an independent third party not connected to the Company nor any of its connected person, in the MOU
“Possible Sale”	the possible sale of the Sale Shares to the Potential Purchaser pursuant to the MOU
“Sale and Purchase Agreement”	the sale and purchase agreement, which may or may not be entered into between the Seller and the Potential Purchaser, in relation to the Possible Sale
“Sale Shares”	a total number of shares representing not less than 51% interest in the issued share capital of the Company, including 153,624,000 Shares, representing approximately 47.47% of the issued Shares beneficially held by the Seller and his associates as at the date of this announcement
“Seller”	Mr. Hui Leung Wah, the chairman and executive Director
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” the Laws of Hong Kong)	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.1 each in the issued capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
ELEGANCE OPTICAL INTERNATIONAL HOLDINGS LIMITED
Hui Leung Wah
Chairman

Hong Kong, 12 April 2016

As at the date of this announcement, the executive directors of the Company are Mr. Hui Leung Wah, Mr. Poon Sui Hong, and Mr. Hui Chun Yuen and the independent non-executive directors are Mr. Poon Kwok Fai, Ronald, Mr. Pang Sung Yuen and Mr. Kwong Ping Man.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement 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.

* *For identification purpose only*