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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 DISPOSAL OF A SUBSIDIARY**

The Board announces that on 18 January 2016 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire 100% equity interest in the Target Company for a total cash consideration of RMB26,000,000. Upon the Completion, the Target Company will cease to be a subsidiary of the Company and be disposed of out of the Group.

As certain of the applicable percentage ratios under the Listing Rules in respect of the Agreement and the transactions contemplated thereunder exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of certain conditions precedent in the Agreement. Therefore, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

**INTRODUCTION**

The Board announces that on 18 January 2016 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the 100% equity interest in the Target Company.

The principal terms of the Agreement are summarized as follows:

**THE AGREEMENT**

**Date:**

18 January 2016 (after trading hours)

**Parties:**

- (i) Dongguan City Xiegang Asset Management Company\* (東莞市謝崗資產管理有限公司) as the purchaser; and
- (ii) Winston Technology Limited as the vendor.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

**The Disposal**

Pursuant to the Agreement, it was agreed that the Purchaser shall acquire and the Vendor shall sell 100% equity interest in the Target Company.

**Consideration and method of payment**

The Consideration for the Disposal shall be RMB26,000,000 payable in cash, which shall be satisfied by the Purchaser in accordance with the terms of the Agreement.

Pursuant to the Agreement, the Purchaser shall, within five (5) working days from the effective date of the Agreement, first deposit a sum of RMB 26,000,000, being the security money, to a PRC bank account to be designated by the Vendor. Upon receiving the said security money, the Vendor will work with the Purchaser applying to the relevant PRC governmental authorities to seek their consent to change the ownership of the Target Company from the Vendor to the Purchaser. After the PRC governmental authorities grant the change of ownership and upon completion of the relevant registration process, the Purchaser shall immediately start up the process to make application to transfer the Consideration from the PRC to the bank account of the Vendor in Hong Kong. When the approvals from the relevant PRC governmental departments are granted, the Purchaser shall, within 5 working days after receiving the payment demand note from the Vendor, pay the Consideration (after deducting relevant PRC tax) to the Vendor in full and the Vendor shall release the RMB 26,000,000 security money (without interest) back to the Purchaser at the same time. Should any Party fail to make the payment on time in accordance with the Agreement, it shall be liable to a penalty at the rate of 0.1% of the amount due per day.

If the Consideration is not fully satisfied on or before 31 December 2016, the Vendor may have a right to terminate the Agreement and claim damages against the Purchaser.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser after considering various factors, including without limitation to the unaudited net asset value of the Target Company as at 30 November 2015, the laws, regulations and the prospects of the Target Company.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable.

## Conditions precedent

Completion of the Disposal is conditional upon, among others, the Parties have obtained all the requisite approvals in relation to the Disposal from the relevant PRC governmental authorities under the PRC laws and regulations.

The condition stated above cannot be waived by the Parties to the Agreement. If the Agreement is not approved by the PRC governmental authorities within 15 working days from the date of the signing of the Agreement (or such later date as the Parties may agree in writing), the Vendor shall have the right to terminate the Agreement and neither party to the Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches thereof.

## INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability and is principally engaged in the design and building of automated machines and systems for the eyewear manufacturing industry and other manufacturing industries. The Company owns 100% equitable interests of the Target Company.

## INFORMATION OF THE GROUP

The Group is principally engaged in the design, manufacture and trading of optical frames and sunglasses. The Group also holds and rents out investment properties for rental income.

## INFORMATION OF THE PURCHASER

Dongguan City Xiegang Asset Management Company\* (東莞市謝崗資產管理有限公司), which is a company established under the laws of PRC and an Independent Third Party.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

For the year ended 31 March 2015, the unaudited total assets and net assets value of the Target Company are RMB34,327,000 and RMB12,358,000 respectively. The unaudited total assets and net assets value of the Target Company as at 30 September 2015 was approximately RMB32,592,000 and RMB10,231,000 respectively.

Set out below is the unaudited operating loss and net profit/(loss) (before and after tax) of the Target Company for the financial years ended 31 March of 2014 and 2015:

	<b>For the year ended 31 March 2014 (Unaudited) RMB</b>	<b>For the year ended 31 March 2015 (Unaudited) RMB</b>
Operating (loss)	(2,435,000)	(1,156,000)
Net Profit/(loss) (before tax)	(2,435,000)	1,119,000
Net Profit/(loss) (after tax)	(2,440,000)	1,815,000

## **FINANCIAL IMPACT OF THE DISPOSAL**

It is expected that the Company will record a book gain of approximately HK\$12,000,000 as a result of the Disposal, which represents the difference between the Consideration and the unaudited consolidated net assets value of the Target Company as at 30 September 2015. The actual gain or loss in connection with the Disposal will be assessed after Completion and will be subject to audit.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will not be consolidated into the Company's financial statements.

## **REASONS FOR THE DISPOSAL AND THE USE OF PROCEEDS**

The Disposal represents a good opportunity for the Group to improve the operating efficiency by streamlining the loss-making operating segment. The Target Company is engaged in the business of designing and building automated machines and systems for the eyewear manufacturing industry and other manufacturing industries. It has been in business since 2005 and was not successful in expanding the business. There were only 3 out of 11 past years did the Target Company make profits. As on 30 November 2015, the unaudited retained loss of the Target Company was more than RMB 6.8 million. In the financial year of 2014-15, according to the unaudited management account, the Target Company made a net profit before tax of RMB 1.1 million because of the happening of certain non-operating exceptional gain. According to the unaudited management account, the net loss for the 8-month period of the Target Company up to 30 November 2015 was RMB 2.2 million. The Board considers that the business of the Target Company is unlikely to be improved in the near future.

Moreover, the Disposal is expected to enhance the cash position, the working capital of the Company, and thus enable the Company to focus on the development of its core business areas and will bring forth positive financial and operational impacts to the Company, both of which will be beneficial to the future development of the Company.

The Directors expect that the net proceeds from the Disposal of RMB20,400,000 will be used by the Group as general working capital.

Taking into consideration of the above factors, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement are fair and reasonable, the Disposal is on normal commercial terms and is in the interests of the Company and the shareholders as a whole.

## **LISTING RULES IMPLICATION**

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Agreement and the transactions contemplated thereunder exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, it is satisfied that no Director has a material interest in the Agreement and the transactions contemplated thereunder and no Director was

required to abstain from voting in the board resolutions approving the transactions contemplated thereunder.

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of certain conditions precedent in the Agreement. Therefore, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

## **DEFINITIONS**

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

“Agreement”	The conditional sale and purchase agreement for the Disposal dated 18 January 2016 entered into between the Vendor and the Purchaser
“Board”	The Board of Directors
“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)
“Completion”	Completion of the Disposal pursuant to the terms and conditions of the Agreement
“Consideration”	The consideration for the Disposal in the sum of RMB26,000,000
“Director(s)”	The director(s) of the Company
“Disposal”	The disposal of the Target Company pursuant to the Agreement
“Group”	The Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	Independent third parties who are not connected person(s) of the Company and are independent of and not connected with the Company or Directors, chief executive, or Substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Party(ies)”	Parties to the Agreement

“PRC”	The People’s Republic of China
“Purchaser”	Dongguan City Xiegang Asset Management Company* (東莞市謝崗資產管理有限公司), which is a company established under the laws of the PRC and an Independent Third Party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jet Kingdom Machinery Technology Company Limited* (東莞精奇機械科技有限公司), a company incorporated under the laws of the PRC with a registered and paid up capital of HK\$17,538,000
“RMB”	Renminbi, the lawful currency of the PRC
“Vendor”	Winston Technology Limited, which is a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“%”	Percent

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

Hong Kong, 18 January 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.*

*\* For identification purpose only*