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**ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED**

**雅視光學集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1120)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO THE PURCHASE OF  
THE ENTIRE ISSUED SHARE CAPITAL OF  
STEPPER (UK) LIMITED**

The Board wishes to announce that on 16th July, 2014, the Purchaser, a non wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with the Vendor, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, for the consideration of £2,517,230. On the same date, the parties also entered into the Debt Assignment Deed, pursuant to which the Vendor irrevocably assigned the benefit of the Debt at par value to the Purchaser for the consideration of £214,490. The aggregate consideration for the Acquisition and the assignment of the Debt is £2,731,720 (equivalent to approximately HK\$36,285,000).

Completion took place on 16th July, 2014.

As one or more of the applicable percentage ratios in respect of the Transaction calculated in accordance with Chapter 14 of the Listing Rules are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

**INTRODUCTION**

The Board wishes to announce that on 16th July, 2014, the Purchaser, a non wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with the Vendor, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company. On the same date, the parties also entered into the Debt Assignment Deed, pursuant to which the Vendor irrevocably assigned the benefit of the Debt at par value to the Purchaser.

\* For identification purpose only

## THE SHARE PURCHASE AGREEMENT AND THE DEBT ASSIGNMENT DEED

**Date:** 16th July, 2014

**Parties:** (1) Vendor: Rayner & Keeler Limited; and  
(2) Purchaser: Stepper Eyewear Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

**Subject matter of the Acquisition:** The Sale Shares, representing the entire issued share capital of the Target Company.

**Assignment of Debt:** On 16th July, 2014, the parties also entered into the Debt Assignment Deed, pursuant to which the Vendor irrevocably assigned the benefit of the Debt at par value to the Purchaser.

**Consideration:** The purchase price for the Sale Shares is £2,517,230, while the Debt was assigned at par value for £214,490. The aggregate consideration for the Acquisition and the assignment of the Debt is £2,731,720 (equivalent to approximately HK\$36,285,000).

The aggregate consideration was funded out of the Purchaser's internal resources and was paid in cash via telegraphic transfer by the Purchaser to the Vendor upon signing of the Share Purchase Agreement.

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser. In determining the consideration the Board has taken into account the following factors:

- a. the benefits which are expected to accrue to the Group through the Transaction as disclosed in the section headed "Reasons for and benefits of the Transaction" below; and
- b. the Target Company's satisfactory growth in both revenue and profit despite the financial turmoil in Europe during 2010 and 2013.

**Restrictions on the Vendor:**

The Vendor undertakes, among other thing, to the Purchaser that it shall not and shall procure that neither the Vendor nor any member of the Vendor's group shall at any time during the period of two years beginning with the date of Completion, carry on or be employed, engaged or interested in the Restricted Business; or subject to certain exceptions, offer employment to, or attempt to entice away from the Target Company, any individual engaged in an executive or managerial position with the Target Company. In addition, the Vendor further undertakes that at any time after Completion, it shall not and shall procure that neither the Vendor nor any member of the Vendor's group shall use in the course of any business any trade or service mark, business or domain name, design or logo which was or had been used exclusively by the Target Company or is, in the reasonable opinion of the Purchaser, capable of confusion with such words, mark, name, design or logo.

**Completion:**

This is no condition precedent to the Acquisition and Completion took place on 16th July, 2014. Upon Completion, the Target Company will become a non wholly-owned subsidiary of the Company.

**INFORMATION ON THE TARGET COMPANY**

The Target Company is a company incorporated in England and Wales with limited liability and is engaged in the sale of optical products.

The audited profit (before and after taxation) of the Target Company for the two financial years ended 31st December, 2012 and 31st December, 2013 respectively prepared in accordance with UK Generally Accepted Accounting Practice were as follows:

	<b>Financial year ended 31st December, 2012 (£'000)</b>	<b>Financial year ended 31st December, 2013 (£'000)</b>
Audited profit before taxation	1,025	1,066
Audited profit after taxation	770	790

The audited net asset value of the Target Company as at 31st December, 2013, prepared in accordance with UK Generally Accepted Accounting Practice, was approximately £442,000 (equivalent to approximately HK\$5,871,000).

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Target Company has been the distributor for optical frames under the Group's owned brand "STEPPER" in UK since 2000. The Acquisition provides a good opportunity for the Group to further expand its global distributor network of its owned brands products.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the terms of the Transaction are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the Transaction calculated in accordance with Chapter 14 of the Listing Rules are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

## **GENERAL**

The Group is principally engaged in the design, manufacture and sale of various kinds of optical products.

The Purchaser was incorporated in Hong Kong with limited liability and is mainly engaged in trading in optical frames and sunglasses under owned and licensed brand names.

The Vendor is a company incorporated in England and Wales with limited liability and is engaged in the manufacture and sale of optical products.

## **DEFINITIONS**

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

"Acquisition"	the purchase of the Sale Shares pursuant to the Share Purchase Agreement
"Board"	the board of Directors of the Company
"Company"	Arts Optical International Holdings Limited (Stock Code: 1120), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Share Purchase Agreement

“connected person”	has the meaning ascribed to it under the Listing Rules
“Debt”	the intercompany balance of £214,490 (equivalent to approximately HK\$2,849,000) due from the Target Company to the Vendor immediately prior to Completion, which was assigned by the Vendor to the Purchaser pursuant to the Debt Assignment Deed
“Debt Assignment Deed”	the debt assignment deed dated 16th July, 2014 entered into between the Vendor and the Purchaser
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Stepper Eyewear Limited, a company incorporated in Hong Kong with limited liability and a non wholly-owned subsidiary of the Company
“Restricted Business”	the import and distribution of spectacle frames, as carried on by the Target Company during the 12 months immediately prior to Completion
“Sale Shares”	5,000 ordinary shares of £1 each in the Target Company
“Shareholders”	the registered holders of shares in the Company from time to time
“Share Purchase Agreement”	the share purchase agreement dated 16th July, 2014 entered into between the Vendor and the Purchaser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Stepper (UK) Limited, a company incorporated in England and Wales with limited liability

“Transaction”	the Acquisition and the assignment of the Debt
“UK”	the United Kingdom of Great Britain and Northern Ireland
“Vendor”	Rayner & Keeler Limited, a company incorporated in England and Wales with limited liability
“£”	Pound sterling, the lawful currency of UK
“%”	per cent.

*In this announcement, unless otherwise stated, amounts denominated in £ are translated, for the purpose of illustration only, into HK\$ at the exchange rate of HK\$13.283 to £1.*

By Order of the Board  
**Ng Hoi Ying, Michael**  
*Chairman*

Hong Kong, 16th July, 2014

*As at the date of this announcement, the Board comprises six directors, three of whom are executive directors, namely Mr. Ng Hoi Ying, Michael, Mr. Ng Kim Ying and Mr. Lee Wai Chung, and three are independent non-executive directors, namely Mr. Wong Chi Wai, Mr. Chung Hil Lan Eric and Mr. Lam Yu Lung.*