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On Real International Holdings Limited

安悦國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8245

FRAMEWORK AGREEMENT RELATING TO POSSIBLE ACQUISITION AND CONNECTED TRANSACTION

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 11 September 2017 (after trading hours), the Vendor and the Purchaser, the Company, entered into the Framework Agreement in relation to the Possible Acquisition of 10% equity interest in the Target Company with an indicative consideration of approximately HK\$100,000,000 (subject to adjustment), which will be settled by the allotment and issue of the Consideration Shares to the Vendor at a proposed issue price to be determined based on the average closing price of the Shares as quoted on the Stock Exchange for the five days immediately prior to the entering into of the Formal Agreement.

The Vendor is a limited liability company incorporated under the laws of British Virgin Islands and beneficially wholly-owned by Mr. Gao Hong, an executive Director and the vice chairman of the Company. Therefore, the Vendor is regarded as a connected person of the Company pursuant to Chapter 20 of the GEM Listing Rules.

The Board wishes to emphasise that the Framework Agreement does not create any legally binding obligations on any of the Parties to the Framework Agreement. As such, the Possible Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares. The Possible Acquisition, if materialises, may constitute a notifiable transaction and a connected transaction of the Company under the GEM Listing Rules.

The Board is pleased to announce that on 11 September 2017 (after trading hours), the Vendor and the Purchaser have entered into the Framework Agreement. Principal terms of the Framework Agreement are set out as follows:

Date: 11 September 2017

Parties: the Vendor (as prospective vendor); and the Purchaser (as prospective purchaser)

Subject Matter

Pursuant to the Framework Agreement, the Purchaser has indicated its interest to purchase from the Vendor and the Vendor has indicated its interest to sell to the Purchaser in aggregate 10% equity interest in the Target Company.

Consideration

It is intended that the indicative consideration for the Possible Acquisition shall be approximately HK\$100,000,000 (subject to adjustment), which will be settled by the allotment and issue of the Consideration Shares at the proposed issue price to be determined based on the average closing price of the Shares as quoted on the Stock Exchange for the five days immediately prior to the entering into of the Formal Agreement.

As at the date of this announcement, the average closing price of Shares five days immediately prior to the date of Framework Agreement is HK\$0.154.

Details of the arrangement will be negotiated between the Parties and will be included in the Formal Agreement which is proposed to be entered into between by the Parties within 3 months from the date of the Framework Agreement or such other date to be agreed between the Parties.

Condition precedents

Completion of the Possible Acquisition shall be subject to the following conditions, amongst other things, being fulfilled:

- (a) the results of the due diligence inspection in relation to the Target Company being to the reasonable satisfaction of the Purchaser;
- (b) the value of the Target Company being assessed by a competent independent valuer, which is to be agreed between the Parties shall not less than US\$300 million; and
- (c) the Company having obtained all necessary approvals in connection with the Possible Acquisition, including the approval of the Shareholders and/or the Stock Exchange as may be required under the GEM Listing Rules, and approval from relevant regulatory authorities.

Exclusivity Period

Within three months from the date of the Framework Agreement or such other date to be agreed between the Parties, the Vendor or their respective associates shall not enter into any negotiation, arrangement or agreement similar or relating to the Possible Acquisition with any other party.

Termination

Unless otherwise extended by the Parties, the Framework Agreement shall automatically terminate on the earlier of: (i) three months from the date of the Framework Agreement (or such longer period as the Parties may agree); or (ii) the date of the execution of the Formal Agreement. Upon termination of the Framework Agreement, the Parties shall have no further obligations under the Framework Agreement, except as stated in clauses of termination, confidentiality, notices and governing law and jurisdiction which shall survive.

Others

No provision in the Framework Agreement is intended to create or constitute any legally binding obligations on any of the Parties and neither of the Parties shall have any liabilities to each other with respect to the Possible Acquisition.

Information of the Target Company

The Target Company is a company incorporated in Hong Kong and is principally engaged in developing and operating social platforms for users to share and communicate.

Reasons for and benefits of the Possible Acquisition

The Group is principally engaged in design and manufacturing the two-way radio product and baby monitor business.

The Directors consider that the Possible Acquisition, if materialises, could enable the Group to be benefited from diversifying its revenue stream which is expected to increase the value for the Shareholders' interest. Therefore, the Directors are of the view that the entering into the Framework Agreement and proceeding with the Possible Acquisition are in the interests of the Company and its Shareholders as a whole.

Listing Rules implications

The Vendor is a limited liability company incorporated under the laws of British Virgin Islands and beneficially wholly-owned by Mr Gao. Mr. Gao is an executive Director and the vice chairman of the Company. Therefore, the Vendor is regarded as a connected person of the Company pursuant to Chapter 20 of the GEM Listing Rules.

If the legally binding Formal Agreement is entered into, it is expected that the Possible Acquisition may constitute a notifiable transaction and a connected transaction of the Company pursuant to the GEM Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or Shareholders' approval requirements under the GEM Listing Rules.

General

The Board wishes to emphasize that the Framework Agreement does not create any legally binding obligations on any of the Parties to the Framework Agreement. As such, the Possible Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares. The Possible Acquisition, if materialises, may constitute a notifiable transaction and a connected transaction of the Company under the GEM Listing Rules.

DEFINITIONS

The following terms have the following meanings when used in this announcement, unless the context otherwise requires:

“Board”	the board of Directors
“Company”	On Real International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the GEM
“Consideration”	the indicative consideration of HK\$100,000,000 for the Possible Acquisition which is subject to adjustment pursuant to the terms and condition of the Formal Agreement
“Consideration Share(s)”	the new Shares to be issued to the Vendor at a proposed issue price to be determined based on the average closing price of the Shares as quoted on the Stock Exchange for the five days immediately prior to the entering into of the Formal Agreement
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal agreement proposed to be entered into between the Vendor and the Purchaser in relation to the Possible Acquisition within 3 months from the date of this announcement or such other date to be agreed between the Parties
“Framework Agreement”	a non-legally binding memorandum of understanding dated 11 September 2017 entered into between the Parties in relation the Possible Acquisition
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of the Securities on the GEM
“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 PRC
“Mr. Gao”	Mr. Gao Hong, an executive Director and the vice chairman of the Company
“Parties”	the Vendor and the Purchaser
“Possible Acquisition”	the possible acquisition by the Purchaser of 10% equity interest in the Target Company from the Vendor as indicated under the Framework Agreement
“Purchaser”	the Company, the prospective purchaser under the Framework Agreement
“Share(s)”	share(s) of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Veivo Technology Limited, a company incorporated in Hong Kong and owned as to 90% by the Vendor as at the date of this announcement
“Vendor”	a limited liability company established under the laws of British Virgin Islands, being the prospective Vendor under the Framework Agreement

By order of the Board
On Real International Holdings Limited
Tam Wing Ki
Chairman and Executive Director

Hong Kong, 11 September 2017

As at the date of this announcement, the Board comprises, four executive directors, namely Mr. Tam Wing Ki, Mr. Gao Hong, Mr. Fu Yan Ming and Mr. Kwok Ming Fai; and three independent non-executive directors, namely Mr. Chan Shiu Man, Mr. Fung Chan Man Alex and Mr. Wong Ching Wan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and be posted on the website of the Company at www.on-real.com.