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SKYOCEAN INTERNATIONAL HOLDINGS LIMITED

天洋國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 593)

MAJOR TRANSACTION DISPOSAL OF A SUBSIDIARY

THE AGREEMENT

On 11 July 2016, the Company and the Purchaser entered into the Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares at the Consideration of HK\$20,000,000.

LISTING RULES IMPLICATIONS OF THE DISPOSAL

The Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules on the basis that one or more of the applicable percentage ratios in respect of the Disposal exceeds 25% but is less than 75%. The Disposal is therefore subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As no shareholder is required to abstain from voting at a general meeting of the Company to be convened for the approval of the Disposal, the Company intends to obtain written shareholders' approval from the controlling shareholder of the Company, SkyOcean Investment Holdings Limited, which holds 182,903,181 shares in the Company as at the date of this announcement (representing approximately 69.75% of the total number of issued shares of the Company), for approving the Disposal in lieu of holding a general meeting of the company, pursuant to Rule 14.44 of the Listing Rules. A circular containing, among others, further details of the Disposal and the Agreement, shall be despatched to the Shareholders on or before 24 August 2016, as the Company will require sufficient time for the preparation of the relevant information for inclusion in the circular.

INTRODUCTION

On 11 July 2016, the Company and the Purchaser entered into the Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares at the Consideration. The principal terms of the Agreement are as follows:–

THE AGREEMENT

Date

11 July 2016

Parties

Vendor : the Company

Purchaser : the Purchaser

As at the date of this announcement, based on the information and confirmation provided by the Purchaser and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are independent third parties of the Company and its connected persons.

Assets to be disposed of

Pursuant to the Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, being the entire issued share capital of the Target Company.

Consideration

The Consideration is HK\$20,000,000, payable as follows:–

- (a) the Deposit in the sum of HK\$2,000,000, representing 10% of the Consideration, was payable by cheque by the Purchaser to the Company or its nominee(s) upon signing of the Agreement, and was duly paid on 11 July 2016; and
- (b) the balance of the Consideration less the Deposit shall be payable by cheque by the Purchaser to the Company or its nominee(s) on the date of Completion.

The Consideration was determined after arm's length negotiation between the Company and the Purchaser with regard to the net asset value and with reference to the profitability in relation to the Target Group.

Conditions precedent

Completion is conditional upon the satisfaction (or, where applicable, the waiver) of the following Conditions:–

- (a) the Company and the Purchaser having duly performed and observed all of the obligations, undertakings and covenants required to be performed and observed by it under the Agreement, on or prior to Completion;
- (b) all necessary authorisations of all relevant governmental or regulatory authorities, agencies or bodies, or any other third party (including banks, lenders and/or Shareholder(s), the Purchaser or the Company and/or relevant regulatory authorities of the PRC and Hong Kong (if required)), required for the implementation of the transactions contemplated in the Agreement having been obtained and maintained;
- (c) the Company having obtained (where applicable) the approval of its Shareholders in respect of the Agreement and the transactions contemplated thereunder as required by the Listing Rules; and
- (d) the Company having complied with and to the satisfaction of the Stock Exchange all requirements under the Listing Rules in relation to the sale of the Sale Shares and the transactions contemplated therein.

Each of the Company and the Purchaser may, in its sole and absolute discretion, waive any of the abovementioned Conditions (except for Conditions set out in (c) and (d) above).

If any of the Conditions is not fulfilled (or waived by the Company or the Purchaser (as the case may be)) on or before 31 August 2016, the Company and the Purchaser shall not be obliged to proceed to Completion and the Company shall refund in cash to the Purchaser the full amount of the Deposit without interest within 5 business days after the delivery by the Purchaser of a written notice for refund. The Agreement shall then cease to be of any effect, save for (i) claims arising out of any antecedent breach thereof; (ii) claims arising out of certain continuing provisions thereof; and/or (iii) the refund of the Deposit.

Completion

Completion shall take place on the 5th Business Day following the day on which the last of the Conditions is fulfilled (or otherwise waived) (or such other date and time as may be agreed by the Company and the Purchaser in writing).

Upon Completion, the Target Company will cease to be a subsidiary of the Company.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company. The principal business activity of the Target Company is investment holding and subsidiaries of the Target Company principally engage in the provision of elderly care services.

The following sets forth a summary of the unaudited consolidated financial information of the Target Group for each of the two financial years ended 31 December 2014 and 2015:–

	For the year ended 31 December 2014	For the year ended 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) before taxation	(11,839)	2,485
Profit (loss) after taxation	(11,884)	2,485

As at 31 December 2015, the unaudited consolidated net asset value of the Target Group was approximately HK\$7,726,000.

FINANCIAL EFFECT OF AND USE OF PROCEEDS FROM THE DISPOSAL

Immediately after the Completion, the Target Company will cease to be a subsidiary of the Company and the Company ceased to hold any equity interest in the Target Company. The financial results of the Target Group will be deconsolidated from the Group's financial statements.

It is expected that, the Company will record a gain from the Disposal of approximately HK\$12,274,000, being the Consideration less the abovementioned unaudited consolidated net asset value of the Target Group as of 31 December 2015. The Company intends to apply the net proceeds from the Disposal as general working capital.

INFORMATION ON THE GROUP

The Group is principally engaged in the operation of global innovation and start-ups incubation platform and strategic investment in technology and cultural enterprises, as well as industrial property development and operation.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the BVI with limited liability. Its principal business activity is investment holding.

REASONS AND BENEFITS OF THE DISPOSAL

The Company considers that the Disposal is a good opportunity for the Company to realise its investment given that the Disposal will be made at a gain. Moreover, with reference to the prevailing market conditions and the fact that the proceeds from the Disposal will strengthen the financial position of the Group and enhance its cash flow, the Directors consider that the present time is appropriate for the Disposal.

Having regard to the nature of and the benefits from the Disposal, the Directors believe that the terms of the Agreement are fair and reasonable and in the interests of the Company and its Shareholders taken as a whole.

LISTING RULES IMPLICATIONS

The Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules on the basis that one or more of the applicable percentage ratios in respect of the Disposal exceeds 25% but is less than 75%. The Disposal is therefore subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As no shareholder is required to abstain from voting at a general meeting of the Company to be convened for the approval of the Disposal, the Company intends to obtain written shareholders' approval from the controlling shareholder of the Company, namely SkyOcean Investment Holdings Limited, which holds 182,903,181 shares in the Company as at the date of this announcement (representing approximately 69.75% of the total number of issued shares of the Company), for approving the Disposal in lieu of holding a general meeting of the Company, pursuant to Rule 14.44 of the Listing Rules. A circular containing, among others, further details of the Disposal and the Agreement, shall be despatched to the Shareholders on or before 24 August 2016, as the Company will require sufficient time for the preparation of the relevant information for inclusion in the circular.

DEFINITIONS

“Agreement”	the sale and purchase agreement dated 11 July 2016 entered into between the Company and the Purchaser
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no.8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00a.m. and 5:00p.m.) on which banks in Hong Kong are open for the transaction of normal business
“BVI”	the British Virgin Islands
“Company”	SkyOcean International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Agreement
“Condition(s)”	the conditions precedent to the Completion, as set out in the section headed “The Agreement – Conditions precedent” of this announcement
“Consideration”	the total consideration in the sum of HK\$20,000,000 payable by the Purchaser to the Vendor for the Disposal pursuant to the Agreement
“Deposit”	part of the Consideration in the sum of HK\$2,000,000 payable by the Purchaser to the Company for the Disposal pursuant to the Agreement
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Company pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Party” or “Parties”	any party or parties (as the case may be) to the Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, Macau Special Administration Region and Taiwan
“Purchaser”	AP Elderly Care Limited, a company incorporated in the BVI with limited liability
“Sale Shares”	10,001 issued shares representing the entire issued share capital of the Target Company, to be sold by the Company to the Purchaser pursuant to the Agreement
“Shareholder(s)”	holder(s) of ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Cautious Base Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“%”	per cent

On behalf of the Board
SkyOcean International Holdings Limited
Zhou Zheng
Chairman

Hong Kong, 11 July 2016

As at the date of this announcement, the Board comprises Mr. Zhou Zheng (Chairman and Chief Executive Officer), Mr. Yang Hongguang, Mr. Chan Tak Kwong and Mr. Zhu Ling being the executive Directors, and Mr. Li Chak Hung, Dr. Meng Xiaosu, Mr. Yang Buting and Mr. Zhao Daxin being the independent non-executive Directors.