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INTERNATIONAL BUSINESS SETTLEMENT HOLDINGS LIMITED
國際商業結算控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00147)

DISCLOSEABLE TRANSACTION

**COOPERATION AGREEMENT TO FORM A JOINT VENTURE
IN RESPECT OF
MANUFACTURING AND SELLING OF CONTACT LENSES**

COOPERATION AGREEMENT

On 4 October 2019 (after trading hours), Besting Capital (a wholly-owned subsidiary of the Company) entered into the Cooperation Agreement with Unicon pursuant to which Besting Capital and Unicon will jointly establish the Joint Venture for purpose of manufacturing and selling of contact lenses.

According to the Cooperation Agreement, the registered capital of the Joint Venture shall be USD30 million, of which Besting Capital shall be contributing USD21 million (representing 70% of the equity interests in the Joint Venture) and Unicon shall be contributing USD9 million (representing 30% of the equity interests in the Joint Venture).

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Cooperation Agreement is more than 5% but less than 25%, the entering of Cooperation Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Cooperation Agreement is subject to notice and announcement requirements under the Listing Rules.

COOPERATION AGREEMENT

On 4 October 2019 (after trading hours), Besting Capital (a wholly-owned subsidiary of the Company) entered into the Cooperation Agreement with Unicon pursuant to which Besting Capital and Unicon will jointly establish the Joint Venture for purpose of manufacturing and selling of contact lenses.

The principal terms of the Cooperation Agreement are set out below:

Date: 4 October 2019

Parties:

- (a) Besting Capital, a wholly-owned subsidiary of the Company; and
- (b) Unicon, a company incorporated in Taiwan with limited liability and listed on the Emerging Stock Board of Taipei Exchange (台灣興櫃市場) with stock code 4150.

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

Capital contribution

According to the Cooperation Agreement, (a) Besting Capital and Unicon shall enter into a joint venture agreement within two months from the date of the Cooperation Agreement for purpose of establishing the Joint Venture in the PRC; (b) the registered capital of the Joint Venture shall be USD30,000,000 (approximately RMB211.4 million), of which Besting Capital shall be contributing USD21,000,000 (representing 70% of the equity interests in the Joint Venture) by the Group's internal resources and Unicon shall be contributing USD9,000,000 (representing 30% of the equity interests in the Joint Venture); (c) the total investment amount of the Joint Venture is expected to be around RMB540,000,000, apart from the registered capital of the Joint Venture, the remaining investment amount of approximately RMB328.6 million will be contributed by loans from bank or financial institution or shareholders' loan.

The basis of consideration

The amount of capital contribution of each of Besting Capital and Unicon to the Joint Venture was determined after arm's length negotiations with reference to the capital requirement of the Joint Venture and the costs of the construction of the manufacturing facility for contact lenses production in the PRC.

THE COOPERATION ARRANGEMENT

The manufacturing facility that is to be constructed by the Joint Venture will be located in Fuzhou, the PRC, with the gross area of approximately 30,000 square metres and is expected to have production capacity of approximately 240 million pieces of contact lenses a year. It is currently expected that the manufacturing facility will be ready for production in about three years after commencement of construction.

According to the Cooperation Agreement, Besting Capital will be primarily responsible for the administrative and regulatory matters of the Joint Venture, providing local support to the Joint Venture in bringing technicians from overseas; and Unicon will be primarily responsible for providing technical and engineering support in the construction of the manufacturing facility and the technology involved in the production of the contact lenses.

Management of the Joint Venture

The respective directors of the Joint Venture nominated by Besting Capital and Unicon shall be in the ratio of 7:3.

Since Besting Capital has the right to appoint a majority of the board of directors of the Joint Venture and has control over the voting rights in the shareholder's meeting of the Joint Venture, the Joint Venture shall become a subsidiary of Besting Capital after its establishment. As a result, the financial results, assets and liabilities of the Joint Venture shall be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE COOPERATION AGREEMENT

The Group is principally engaged in deploying financial settlement and clearing network and building strategic core financial infrastructure, property development and financing business.

As the trade war between the United States and China seems to be intensifying and the general business environment in Hong Kong is not very encouraging recently, the Group considered that it is important to diversify its investment and revenue streams.

Founded in 1992, Unicon started as a lens shaping (lathe-cut) producer and moved to production of disposable contact lenses in 2007. By integrating into one single company expertise on molding, material, design and automation, Unicon experienced a strong growth over the last five years and became one of the top tier contact lens producer in Asia, one of the most professional disposable colour lens manufacturer in Taiwan. Unicon has the capability of machine customization, and has a professional team work on researching new materials for contact lenses.

The Group believes that there is a strong market demand for contact lenses in PRC in the years to come and that being able to partner with Union, a market player in the industry, would be a good start to tap into the industry.

The terms of the Cooperation Agreement has been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES INVOLVED

Besting Capital, a company incorporated in British Virgin Islands with limited liability, is principally engaged in investment holding.

Unicon, a company incorporated in Taiwan with limited liability and listed on the Emerging Stock Board of Taipei Exchange (台灣興櫃市場) (Stock code: 4150), is principally engaged in manufacturing and sales of contact lenses.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Cooperation Agreement is more than 5% but less than 25%, the entering of Cooperation Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Cooperation Agreement is subject to notice and announcement requirements under the Listing Rules.

CHANGE IN USE OF PROCEEDS

Reference is made to the announcement of the Company dated 10 July 2019, in relation to, among other matters, the change in the use of un-utilised proceeds (the “**Un-utilised Proceeds**”) from the placing of new Shares completed on 22 December 2016. The Group believed that it would be in the interests of the Company and the Shareholders to re-allocate the intended use of the Un-utilised Proceeds to segments where revenue can be generated sooner and that approximately HK\$567.6 million is to be applied for potential investment opportunities in the Fintech industry, of which USD50 million (equivalent to approximately HK\$390 million) is to be applied to the subscription of shares in Bronzelink Holdings Limited (please refer to announcement of the Company dated 19 July 2019 for details).

As the trade war between the United States and China seems to be intensifying and the general business environment in Hong Kong is not very encouraging recently, the Group considered that it is important to diversify its investment and revenue streams.

In view of this, the Board has decided to re-allocate approximately HK\$163.8 million of out the abovementioned HK\$567.6 million to the Cooperation Agreement and establishment of the Joint Venture.

Having considered the factors above, the Board is of the view that the Cooperation Agreement is an attractive investment that will fit into the Group's business strategy and bring positive returns to the Group in the long run; thus, the Board considers that the Cooperation Agreement is in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“associates”	Has the meaning ascribed in the Listing Rules
“Besting Capital”	Besting Capital Limited, a wholly-owned subsidiary of the Company
“Board”	The board of Directors
“Company”	International Business Settlement Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00147)
“Cooperation Agreement”	the cooperation agreement dated 4 October 2019 entered into between the Besting Capital and Unicon for the sole purpose of manufacturing and sales of contact lenses through the Joint Venture
“Directors”	The directors of the Company
“Group”	The Company and its subsidiaries

“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules
“Joint Venture”	the wholly-owned foreign enterprise established in the PRC, which is to be held as to 70% by Besting Capital and 30% by Unicon, in accordance with the Cooperation Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange
“PRC”	The People’s Republic of China, excluding for purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	The ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Shareholder(s)”	Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Unicon”	Unicon Optical Co., Ltd., a company incorporated in Taiwan with limited liability and listed on the Emerging Stock Board of Taipei Exchange (台灣興櫃市場) (Stock code: 4150)
“USD”	US dollars, the lawful currency of United States of America

By order of the Board
International Business Settlement Holdings Limited
Yuen Leong
Chairman

Hong Kong, 4 October 2019

As at the date of this announcement, the Board comprises Mr. Yuen Leong, Ms. Luan Li and Mr. Hu Jianjun as executive directors; and Mr. Yap Yung, Mr. Chan Siu Tat and Ms. Chen Lanran as independent non-executive directors.