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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)

(1) DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY; (2) GRANT OF PUT OPTION; (3) DISCLOSEABLE TRANSACTION IN RELATION TO THE FURTHER DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY; AND (4) PROPOSED ADOPTION OF EQUITY REWARD SCHEME BY A SUBSIDIARY

THE CAPITAL INJECTION AGREEMENT

The Board is pleased to announce that, after trading hours on 28 July 2023, the Company, HK Unicon (an indirect non wholly-owned subsidiary of the Company), the Target Company (a direct wholly-owned subsidiary of HK Unicon) and the Investor entered into the Capital Injection Agreement, pursuant to which the Investor has conditionally agreed to inject RMB175,000,000 (subject to downward adjustment) to subscribe for additional registered capital of the Target Company in the amount of US\$23,547,717.37 (representing approximately 36.8421% equity interest of the Target Company after the First Completion on a fully-diluted basis).

THE GRANT OF PUT OPTION

Pursuant to the Capital Injection Agreement, the Target Company granted to the Investor the Put Option, pursuant to which, within 90 days after the First Completion Date, the Investor is entitled to require the Company, HK Unicon and/or their designated third parties to jointly purchase the then equity interest held by the Investor in the Target Company at the Exercise Price upon the occurrence of certain triggering events.

THE FIRST EQUITY TRANSFER AGREEMENT

At the same time of entering into the Capital Injection Agreement, the Company, HK Unicon, the Target Company and the Investor entered into the First Equity Transfer Agreement, pursuant to which HK Unicon has conditionally agreed to sell, and the Investor has conditionally agreed to purchase, the First Sale Interests (representing approximately 14.1579% equity interest of the Target Company after the First Completion on a fully-diluted basis) at the Consideration of RMB70,081,600 (subject to downward adjustment).

Immediately after the First Completion, the registered capital of the Target Company will increase from US\$30,000,000 to US\$63,915,241.99, and the Target Company will be owned by HK Unicon and the Investor as to 49% and 51% respectively, and the Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the Group's financial statements.

THE SECOND EQUITY TRANSFER AGREEMENT AND PROPOSED ADOPTION OF EQUITY REWARD SCHEME BY THE TARGET COMPANY

The Board announces that HK Unicon proposes to adopt the Equity Reward Scheme to recognize the past contributions by the Participants to the Equity Reward Scheme.

To implement the Equity Reward Scheme, after trading hours on 28 July 2023, HK Unicon and the Employee Shareholding Platform entered into the Second Equity Transfer Agreement, pursuant to which HK Unicon has agreed to sell, and the Employee Shareholding Platform has agreed to purchase, the Second Sale Interests (representing approximately 15% equity interest of the Target Company after the First Completion) at the consideration of RMB15,500,000, as Incentive Equity Interest.

The Employee Shareholding Platform will hold the Incentive Equity Interest for and on behalf of the Participants. The Participants will be indirectly interested in the Incentive Equity Interest through the Employee Shareholding Platform as the Participants will be granted options to subscribe for shares in the Employee Shareholding Platform.

LISTING RULES IMPLICATIONS

As the highest of the applicable ratios (as defined under the Listing Rules) in respect of the Transactions is more than 5% but less than 25%, the Transactions constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The grant of Put Option constitutes a transaction under Rule 14.04(1)(b) and 14.73 of the Listing Rules. As the exercise of the Put Option is not at the discretion of the Group, under Rule 14.74(1) of the Listing Rules, on the grant of the Put Option, the transaction will be classified as if the Put Option had been exercised. Since the highest of the applicable ratios (as defined under the Listing Rules) in respect of the Put Option is more than 5% but less than 25%, the grant of the Put Option to the Investor constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under the Listing Rules.

As the highest of the applicable ratios (as defined under the Listing Rules) in respect of the Second Equity Transfer, when aggregated with that of the Transactions, is more than 5% but less than 25%, the Second Equity Transfer, when aggregated with that of the Transactions, constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Target Company is not a principal subsidiary (as defined under the Listing Rules) of the Company, the Equity Reward Scheme will not constitute a share scheme nor an arrangement analogous to a share scheme for the purpose of Chapter 17 of the Listing Rules.

I. INTRODUCTION

The Board is pleased to announce that, after trading hours on 28 July 2023, the Company, HK Unicon (an indirect non wholly-owned subsidiary of the Company), the Target Company (a direct wholly-owned subsidiary of HK Unicon) and the Investor entered into the following agreements:

- (a) the Capital Injection Agreement, pursuant to which the Investor has conditionally agreed to inject RMB175,000,000 (subject to downward adjustment) to subscribe for additional registered capital of the Target Company in the amount of US\$23,547,717.37 (representing approximately 36.8421% equity interest of the Target Company after the First Completion on a fully-diluted basis);
- (b) the First Equity Transfer Agreement, pursuant to which the Investor has conditionally agreed to acquire, and HK Unicon has conditionally agreed to sell, the First Sale Interests (representing approximately 14.1579% equity interest of the Target Company after the First Completion on a fully-diluted basis) at the Consideration of RMB70,081,600 (subject to downward adjustment); and
- (c) the Deposit Agreement, pursuant to which the Investor has agreed to pay the Deposit in the amount of RMB10,000,000 within ten Business Days after the date of the Transaction Documents.

The principal terms of each of the Transaction Documents are summarized as follows:

II. THE CAPITAL INJECTION AGREEMENT

Date

28 July 2023

Parties

- (i) the Company;
- (ii) HK Unicon;
- (iii) the Target Company; and
- (iv) the Investor.

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

Subject matter and Capital Injection Amount

The Investor has conditionally agreed to inject RMB175,000,000 (subject to downward adjustment) to subscribe for additional registered capital of the Target Company in the amount of US\$23,547,717.37 (representing approximately 36.8421% equity interest of the Target Company after the First Completion on a fully-diluted basis).

The Capital Injection Amount was determined after arm's length negotiations between the Company, HK Unicon, the Target Company and the Investor and with reference to (i) the registered capital of the Target Company of US\$30,000,000 at the date of the Transaction Documents; (ii) the pre-money valuation of the Target Company of RMB300,000,000 (assuming completion of the Debt-to-Equity Arrangement I (as defined below) before the First Payment Date (as defined below); and (iii) the business prospects of the Target Company.

Payment method

The Capital Injection Amount shall be settled by the Investor in two installments:

- (1) 50% of the Capital Injection Amount (i.e. RMB87,500,000) shall be settled within ten Business Days (“**First Payment Date**”) after the fulfilment (or waiver by the Investor) of certain conditions precedent as set out below and if the Investor has paid the Deposit of RMB10,000,000 pursuant to the Deposit Agreement prior to the First Payment Date, the Deposit shall be applied as part of the first installment of the Capital Injection Amount and the Investor shall only pay the remaining balance of RMB77,500,000; and
- (2) the remaining 50% of the Capital Injection Amount (i.e. RMB87,500,000) shall be settled within ten Business Days after the fulfilment (or waiver by the Investor) of certain conditions precedent as set out below.

Debt-to-Equity Arrangement

The Warrantors undertake to complete either of the following debt-to-equity arrangement (each a “**Debt-to-Equity Arrangement**”) to the satisfactory of the Investor prior to the First Payment Date:

- (1) the Warrantors shall use their best efforts to procure Taiwan Unicon to assign its debt of RMB21,648,767.07 (inclusive of principal and interests) owed by the Target Company (“**Taiwan Debt**”) to HK Unicon; HK Unicon shall, and the Target Company and the Company shall procure HK Unicon to, subscribe additional registered capital of US\$10,367,524.62 in the Target Company by converting the total debt of US\$10,367,524.62 (including the Taiwan Debt) owed by the Target Company to HK Unicon (“**Debt-to-Equity Arrangement I**”), and the registered capital of the Target Company shall be US\$40,367,524.62 immediately after completion of the Debt-to-Equity Arrangement I and before the First Payment Date; or
- (2) if the Debt-to-Equity Arrangement I is not completed within 60 days after the date of the Capital Injection Agreement, subject to the prior written consent of the Investor, the Warrantors shall ensure HK Unicon to fully convert its debts of US\$8,262,312.04 (inclusive of principal of US\$7,999,958 and interests) owed by the Target Company to additional registered capital in the Target Company (“**Debt-to-Equity Arrangement II**”), and the registered capital of the Target Company shall be US\$38,262,312.04 immediately after completion of the Debt-to-Equity Arrangement II and before the First Payment Date and the pre-money valuation of the Target Company of RMB300,000,000 shall be adjusted downward by an amount equivalent to the difference between the amount of registered capital converted from debt in Debt-to-Equity Arrangement I and the amount of registered capital converted from debt in Debt-to-Equity Arrangement II.

Adjustment to Capital Injection Amount and the Consideration

If the registered capital of the Target Company subscribed by HK Unicon before the First Payment Date is below US\$40,367,524.62 for any reasons (including but not limited to the Debt-to-Equity Arrangement I not being completed before the First Payment Date), the Investor shall be entitled to adjust downward the Capital Injection Amount and the Consideration and the amount of additional registered capital subscribed by it based on the corresponding pre-money valuation of the Target Company but the shareholding of each shareholder in the Target Company after the First Completion shall remain unchanged.

Conditions Precedent

The payment of the first installment of the Capital Injection Amount is conditional upon the fulfilment or waiver by the Investor, of the following conditions precedent:

- a) the Transactions are not in violation of applicable laws, and there are no pending or potential disputes, such as lawsuits or arbitrations, that have had or will have a significant adverse impact on the Transactions. Each party has obtained/completed all internal resolutions and third-party approvals, filings, and announcement procedures regarding the execution of the Transaction Documents and approval of the Transactions in accordance with applicable laws and their existing constitutional documents. The Transaction Documents have been duly executed by each party and become effective;
- b) the Target Company and HK Unicon have completed the Debt-to-Equity Arrangement in a manner satisfactory to the Investor;
- c) the Target Company and certain key employees have entered into labor contracts and similar agreements recognized by the Investor;
- d) the representations and warranties given by the Warrantors under the Capital Injection Agreement are true, complete, accurate and there has been no breach of the Capital Injection Agreement;
- e) there are no changes or other circumstances that have occurred or are reasonably foreseeable that would have a significant adverse impact on the Target Company's assets, finances, business, operations, or the Transactions;
- f) the Transactions do not involve any circumstances that have caused or will cause substantial obstacles to the financing of the Investor (including, but not limited to, the issuance of global depositary receipts by the Investors) or other forms of capital operations;

- g) except as known and waived in writing by the Investor in advance, the Target Company has not provided guarantees, assumed debts, or set other encumbrances on its assets in favor of HK Unicon or other related parties, or such guarantees, assumption of debts, or setting of other encumbrances on the Target Company's assets have been satisfactorily cleared in a manner acceptable to the Investor;
- h) the Investor has reasonably determined that there are no circumstances that would or could affect the relevant parties' ability to transfer the First Sale Interests pursuant to the terms and conditions of the First Equity Transfer Agreement as agreed upon; and
- i) the Warrantors have issued a confirmation letter to the Investor confirming, among other things, that (1) HK Unicon and/or related parties will not require the Target Company to early repay shareholder's loans as a result of the Transactions and the execution and performance of the Transaction Documents; (2) the commitment letter issued by HK Unicon and/or related parties to the China Bank Fuzhou Area Branch of the Fujian Free Trade Zone regarding the Target Company's loans will not be revoked, terminated, or invalidated as a result of the Transactions and the execution and performance of the Transaction Documents; (3) except for those conditions waived by the Investor in writing, all the other conditions precedent for the payment of the first installment of the Capital Injection Amount have been fully satisfied.

The payment of the second installment of the Capital Injection Amount is conditional upon the fulfilment or waiver by the Investor, of the following conditions precedent:

- a) the first installment of the Capital Injection Amount has been paid, the Transactions remain valid and the Transaction Documents and other related documents signed by each party such as non-competition and confidentiality agreements remain valid and have not been terminated or revoked;
- b) the Warrantors have delivered the Target Company's seals such as common seal, financial seal, contract seal, legal representative seal, bank account keys, and other related documents, files, and materials requested by the Investor to the authorized person designated by the Investor for safekeeping. At the same time, the bank reserved seals and other information related to the entities previously controlled by the Warrantors have been changed to those of the authorized person designated by the Investor;
- c) the Target Company has completed the registration procedures for the Transactions with the relevant regulatory authorities, and has delivered to the Investor relevant proof documents of the changes, such as the updated business license. The Target Company's governance structure has operated in accordance with the provisions of the Capital Injection Agreement and has been registered with the relevant regulatory authorities;

- d) there are no events, facts, conditions, changes, or other circumstances that have occurred or are reasonably foreseeable to have a significant adverse impact on the Target Company's assets, financial structure, liabilities, technology, profit prospects, and normal operations;
- e) the Investor has reasonably determined that there are no circumstances that would or could affect the relevant parties' ability to transfer the First Sale Interests pursuant to the terms and conditions of the First Equity Transfer Agreement as agreed upon; and
- f) the Warrantors have issued a confirmation letter to the Investor confirming that except for those conditions waived by the Investor in writing, all the other conditions precedent for the payment of the second installment of the Capital Injection Amount have been fully satisfied, and have provided relevant documents to prove that such conditions have been met.

Completion

Completion of the Capital Injection Agreement shall take place on the date of payment of the second installment of the Capital Injection Amount by the Investor.

After the First Completion (assuming completion of the Debt-to-Equity Arrangement I), the registered capital and shareholding percentage of each shareholder in the Target Company are as follows:

Shareholders	Registered Capital <i>(US\$)</i>	Shareholding Percentage
HK Unicon	31,318,468.57	49%
The Investor	32,596,773.42	51%
Total	63,915,241.99	100%

Upon the First Completion, the Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated in the Group's accounts.

Grant of Put Option

Pursuant to the Capital Injection Agreement, the Target Company granted to the Investor the Put Option, pursuant to which, within 90 days after the First Completion Date, the Investor is entitled to require the Company, HK Unicon and/or their designated third parties (“**Repurchase Parties**”) to jointly purchase the then equity interest held by the Investor in the Target Company (“**Option Interests**”) upon the occurrence of any of the following triggering events:

- (1) the Investor fails to obtain all the equity interest as agreed in the Transaction Documents due to reasons not caused by the Investor, or the Transactions fail or are cancelled;
- (2) there are significant deviations between the information and materials provided by the Target Company and HK Unicon in relation to the Transactions from the actual situation, or there is any concealment, misleading or false statements during the disclosure process; or
- (3) there is any serious breach of the Transaction Documents by the Target Company and HK Unicon.

The Exercise Price payable by the Repurchase Parties to the Investor shall be calculated based on the following formula:

$$\text{Exercise Price} = A + B$$

A = proportionate amount of Capital Injection Amount and/or Consideration corresponding to the Option Interests;

$B = A \times 8\% \times \frac{\text{the number of days from the date of Capital Injection Amount and/or Consideration paid by the Investor to the date of the Exercise Price received by the Investor (subject to a maximum of 150 days)}}{365}$;

The Investor may exercise the Put Option by giving written notice to the Target Company and the Repurchase Parties shall purchase the Option Interests and pay the Exercise Price in cash within 45 days from the date on which the Investor issued the exercise notice. The Exercise Price was determined after arm’s length negotiation and with reference to the market interest rate.

III. THE FIRST EQUITY TRANSFER AGREEMENT

Date

28 July 2023

Parties

- (i) the Company;
- (ii) HK Unicon;
- (iii) the Target Company; and
- (iv) the Investor.

Subject matter

HK Unicon has conditionally agreed to sell, and the Investor has conditionally agreed to purchase, the First Sale Interests (representing approximately 14.1579% equity interest of the Target Company after the First Completion on a fully-diluted basis) at the Consideration of RMB70,081,600 (subject to downward adjustment).

Consideration

The Consideration was determined after arm's length negotiations between the Company, HK Unicon, the Target Company and the Investor and with reference to (i) the registered capital of the Target Company of US\$30,000,000 at the date of the Transaction Documents; (ii) the pre-money valuation of the Target Company of RMB300,000,000 (assuming completion of the Debt-to-Equity Arrangement I before the First Payment Date); (iii) the Capital Injection Amount and (iv) the business prospects of the Target Company.

Please refer to the subparagraph headed "Adjustment to Capital Injection Amount and the Consideration" under "II. THE CAPITAL INJECTION AGREEMENT" above for details of adjustment to the Consideration.

Payment method

The Consideration shall be settled by the Investor in two installments:

- (1) 70% of the Consideration (i.e. RMB49,057,100) shall be settled within ten Business Days after the fulfilment (or waiver by the Investor) of certain conditions precedent as set out below; and
- (2) the remaining 30% of the Consideration (i.e. RMB21,024,500) shall be settled within ten Business Days after the fulfilment (or waiver by the Investor) of certain conditions precedent as set out below.

Conditions Precedent

The payment of the first installment of the Consideration (70%) is conditional upon the fulfilment or waiver by the Investor, of the following conditions precedent:

- a) the full amount of the Capital Injection Amount has been paid by the Investor to the Target Company, the Transactions remain valid and the Transaction Documents and other related documents signed by each party such as non-competition and confidentiality agreements remain valid and have not been terminated or revoked;
- b) the Warrantors have adjusted the Consideration to the satisfactory of the Investor (if applicable);
- c) the Investor has completed the tax declaration for the Consideration in accordance with applicable laws and delivered the relevant tax certificates or tax payment proofs to the Investor (if applicable); and
- d) there have been no instances where the Warrantors have breached the provisions of the Transaction Documents or where the statements, warranties, or undertakings made by the Warrantors in the Transaction Documents are untrue, incomplete, inaccurate, misleading or have omissions.

The payment of the second installment of the Consideration (30%) is conditional upon the fulfilment or waiver by the Investor, of the following conditions precedent:

- a) the first installment of the Consideration has been paid by the Investor to HK Unicon, the Transactions remain valid and the Transaction Documents and other related documents signed by each party such as non-competition and confidentiality agreements remain valid and have not been terminated or revoked; and
- b) there have been no instances where the Warrantors have breached the provisions of the Transaction Documents or where the statements, warranties, or undertakings made by the Warrantors in the Transaction Documents are untrue, incomplete, inaccurate, misleading or have omissions.

Completion

Completion of the First Equity Transfer Agreement shall take place on the date of payment of the second installment of the Capital Injection Amount by the Investor. Please refer to the subparagraph headed "Completion" under "II. THE CAPITAL INJECTION AGREEMENT" for the registered capital and shareholding percentage of each shareholder in the Target Company after the First Completion.

IV. THE DEPOSIT AGREEMENT

Date

28 July 2023

Parties

- (i) the Company;
- (ii) HK Unicon;
- (iii) the Target Company; and
- (iv) the Investor.

Subject matter

The Investor has agreed to pay the Deposit to the Target Company in the amount of RMB10,000,000 within ten Business Days after the date of the Transaction Documents.

If the Transactions fail to complete due to fault of the Investor, the Target Company can forfeit the Deposit but such Deposit shall be used to offset any damages for which the Investor may be liable under applicable laws or the Transaction Documents (if any).

If the Transaction Documents are terminated or rescinded due to reasons not attributable to the Investor, or the Warrantors fail to fulfill the conditions precedent in the Transaction Documents within sixty Business Days (or such longer period as mutually agreed by the parties, which shall not exceed eighty Business Days) from the date of the Transaction Documents (collectively as “**Refund Triggering Events**”), the Target Company shall immediately return the Deposit in full to the Investor and pay interest on the Deposit calculated at an annual rate of 8% (“**Refund Amount**”) (calculated on the basis of the actual number of days lapsed in a year of 365 days from the actual payment date of the Deposit by the Investor to the date of receipt of the Refund Amount by the Investor). HK Unicon and the Company shall be jointly liable with the Target Company for the obligation to refund the Refund Amount.

If the Target Company, HK Unicon or the Company fails to fully refund the Refund Amount to the Investor within twenty days after any Refund Triggering Events occur, the Investor shall have the right (but not obliged) to convert the Refund Amount into not less than 8% equity interest of the Target Company immediately before Completion. The percentage of equity interests convertible from the Deposit was determined after arm’s length negotiations between the Company, HK Unicon, the Target Company and the Investor.

V. INFORMATION ON THE GROUP AND THE INVESTOR

The Group is principally engaged in deploying financial settlement and clearing network and building strategic core financial infrastructure, property development, hotel development and management services, financing services, manufacturing and sales of contact lens and leasing and trading of computer equipment.

The Investor is a company established in PRC with limited liability and its shares are listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (Stock Code: 688050). The Investor is principally engaged in the research, development, manufacturing and sales of ophthalmic medical devices and its main products include ophthalmic surgery and optometry. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Investor and its ultimate beneficial owners are Independent Third Parties.

VI. INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. The Target Company is principally engaged in research and development, manufacturing and sales of soft contact lens and optometric products in the PRC. As at the date of this announcement, the Target Company is a wholly-owned subsidiary of HK Unicon.

Set out below is a summary of the audited financial information of the Target Company for the two financial years ended 31 March 2023 of the Target Company:

	For the years ended 31 March	
	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(approximately)	(approximately)
Net loss before and after tax	41,557.92	50,937.96

The audited total asset value and net asset value of the Target Company as at 31 March 2023 were approximately HK\$537.65 million and approximately HK\$134.19 million respectively.

VII. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

It is expected that the Company will recognise gain of approximately HK\$32,119,000 from the Transactions, mainly being the difference between the Consideration and 51% of the aggregate amount of the Capital Injection Amount and the net assets value of the Target Company as at 31 March 2023. The above financial impacts are for illustrative purpose only based on the latest available financial information of the Target Company. Shareholders should note that the final amount of gain/loss on the Transactions to be recorded by the Company will be based on the net assets value of the Target Company as of the First Completion Date and is subject to audit by the auditor of the Company.

The net proceeds from the First Equity Transfer Agreement are estimated to be approximately HK\$79.8 million and are intended to be applied as general working capital.

The Board is of the view that the Company's disposal of controlling stake in the Target Company and hence, exit from the contact lens business will allow the Group to further focus on its other principal businesses. Taking into account of the past performance and current financial position of the Target Company and the challenging and uncertain market conditions in the contact lens business, the Board believes that the Transactions represent a good opportunity for the Group to realise its investment in the Target Company at a reasonable price, streamline the Group's business operation, improve the financial position of the Group and increase the general working capital of the Group.

Moreover, as the Investor is listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange and principally engaged in the research, development, manufacturing and sales of ophthalmic medical devices, the Board believes that the Investor becoming a shareholder of the Target Company upon the First Completion will create synergy for the business development of the Target Company by bringing new opportunities and resources to the Target Company, which will in turn favour the remaining equity interest in the Target Company retained by the Group upon the First Completion.

The Directors (including the independent non-executive Directors) considered that the Transactions, which has been entered into after arm's length negotiation between the parties, are on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

VIII. THE SECOND EQUITY TRANSFER AGREEMENT AND PROPOSED ADOPTION OF EQUITY REWARD SCHEME BY HONG HONG UNICON

The Board announces that HK Unicon proposes to adopt the Equity Reward Scheme to recognize the past contributions by the Participants to the Equity Reward Scheme.

To implement the Equity Reward Scheme, after trading hours on 28 July 2023, HK Unicon and the Employee Shareholding Platform entered into the Second Equity Transfer Agreement, pursuant to which HK Unicon has agreed to sell, and the Employee Shareholding Platform has agreed to purchase, the Second Sale Interests (representing approximately 15% equity interest of the Target Company after the First Completion) at the consideration of RMB15,500,000, as Incentive Equity Interest. The principal terms of the Second Equity Transfer agreement are set out as follows:

Date

28 July 2023

Parties

- (i) HK Unicon; and
- (ii) the Employee Shareholding Platform

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

Subject matter and consideration

HK Unicon has agreed to sell, and the Employee Shareholding Platform has agreed to purchase, the Second Sale Interests (representing approximately 15% equity interest of the Target Company after the First Completion) at the consideration of RMB15,500,000.

The consideration shall be paid by the Employee Shareholding Platform to HK Unicon on the Second Completion Date. The consideration payable by the Employee Shareholding Platform to HK Unicon of approximately RMB15,500,000 for the Incentive Equity Interest was determined after arm's length negotiations between the parties and with reference to (i) the net asset value of the Target Company as at 31 March 2023; and (ii) the past performance and contributions of the proposed grantees under the Equity Reward Scheme.

Completion

The Second Completion will take place on a date agreed by both parties before 31 March 2024. After the Second Completion, the Target Company will be owned as to 51%, 34% and 15% by the Investor, HK Unicon and the Employee Shareholding Platform.

Information on the Equity Reward Scheme and the Employee Shareholding Platform

The HK Unicon will establish the Equity Reward Scheme whereby the eligible employees of the Target Company will be provided with opportunities to indirectly invest in the Target Company. The purpose of the Equity Reward Scheme is to recognise the past contributions employees have made to the Target Company.

The Participants shall be the management and core employees of the Target Company who have made significant contributions to the Target Company. The specific list of Participants and the amount of capital contribution to be made by each of them shall be assessed and determined by HK Unicon in accordance with the Equity Reward Scheme. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Participants will be Independent Third Parties.

The Incentive Equity Interest proposed to be granted to the Participants pursuant to the Equity Reward Scheme represents approximately 15% equity interest of the Target Company after the First Completion.

The Employee Shareholding Platform is a company incorporated in Hong Kong with limited liability and is wholly owned by Leung Tan. It is intended to be used as an employee shareholding platform to hold the Incentive Equity Interests in the Target Company for and on behalf of the Participants. Pursuant to the Equity Reward Scheme, the Participants will be indirectly interested in the Incentive Equity Interest through the Employee Shareholding Platform as the Participants will be granted options to subscribe for shares in the Employee Shareholding Platform. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Employee Shareholding Platform and its ultimate beneficial owner are Independent Third Parties.

Reasons for and benefits of the Second Equity Transfer and implementation of the Equity Reward Scheme

It is expected that the Company will recognise a loss of approximately HK\$67,152,000 from the Second Equity Transfer, calculated based on the difference between the consideration for the Second Equity Transfer and the estimated fair value of the Target Company after the Transactions. The above financial impacts are for illustrative purpose only based on the latest available financial information of the Target Company. Shareholders should note that the final amount of loss on the Second Equity Transfer to be recorded by the Company will be based on the net assets value of the Target Company as of the Second Completion Date and is subject to audit by the auditor of the Company.

The net proceeds from the Second Equity Transfer are estimated to be approximately RMB15,500,000 and are intended to be applied as general working capital.

The Board is aware of the significant contributions of the employees of the Target Company in the past few years who have made great efforts in promoting the production of contact lenses and construction of new plant in light of the challenges created by the global pandemic. As the success of the Target Company relies heavily on the technological knowledge, innovation and contributions of its employees, the establishment of the Equity Reward Scheme allows HK Unicon to reward its employees for their contributions.

Based on reasons set forth above, the Directors (including independent non-executive Directors) are of the view that the Second Equity Transfer (including the consideration for the Incentive Equity Interest) is on normal terms, fair and reasonable, and in the interest of the Group and the Shareholders as a whole.

IX. IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable ratios (as defined under the Listing Rules) in respect of the Transactions is more than 5% but less than 25%, the Transactions constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The grant of Put Option constitutes a transaction under Rule 14.04(1)(b) and 14.73 of the Listing Rules. As the exercise of the Put Option is not at the discretion of the Group, under Rule 14.74(1) of the Listing Rules, on the grant of the Put Option, the transaction will be classified as if the Put Option had been exercised. Since the highest of the applicable ratios (as defined under the Listing Rules) in respect of the Put Option is more than 5% but less than 25%, the grant of the Put Option to the Investor constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under the Listing Rules.

As the highest of the applicable ratios (as defined under the Listing Rules) in respect of the Second Equity Transfer, when aggregated with that of the Transactions, is more than 5% but less than 25%, the Second Equity Transfer, when aggregated with that of the Transactions, constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Target Company is not a principal subsidiary (as defined under the Listing Rules) of the Company, the Equity Reward Scheme will not constitute a share scheme or an arrangement analogous to a share scheme for the purpose of Chapter 17 of the Listing Rules.

X. DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Capital Injection Agreement”	the capital injection agreement dated 28 July 2023 entered into between the Company, HK Unicon, the Target Company and the Investor in relation to the capital injection by the Investor into the Target Company
“Capital Injection Amount”	the capital injection amount of RMB175,000,000 to be injected by the Investor pursuant to the Capital Injection Agreement
“Company”	International Business Settlement Holdings Limited (國際商業結算控股有限公司), 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: 00147)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration of RMB70,081,600 for the sale and purchase of the First Sale Interests, payable by the Investor to HK Unicon
“Deposit”	the deposit of RMB10,000,000 payable by the Investor to the Target Company
“Deposit Agreement”	the deposit agreement dated 28 July 2023 entered into between the Company, HK Unicon, the Target Company and the Investor in relation to the Deposit
“Director(s)”	the director(s) of the Company
“Employee Shareholding Platform”	Blissful Year Management Company Limited (祥年管理有限公司), a company incorporated in Hong Kong with limited liability which is currently held as to 100% by Leung Tan

“Equity Reward Scheme”	the equity reward scheme proposed to be adopted by HK Unicon
“Exercise Price”	the exercise price for the Put Option pursuant to the Capital Injection Agreement
“First Completion”	completion of the Transactions
“First Completion Date”	the date of the First Completion
“First Equity Transfer Agreement”	the equity transfer agreement dated 28 July 2023 entered into between the Company, HK Unicon, the Target Company and the Investor in relation to sale and purchase of the First Sale Interests
“First Sale Interests”	approximately 14.1579% equity interest of the Target Company after Completion on a fully-diluted basis
“Group”	the Company and its subsidiaries
“HK Unicon”	Hong Kong Unicon Optical Co., Limited (香港優你康光學有限公司), an indirectly non wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Incentive Equity Interest”	the incentive equity interest in the Target Company granted under the Equity Reward Scheme to the Employee Shareholding Platform
“Independent Third Parties”	a party who is not connected person of the Company and is a third party independent of the Company and the connected persons of the Company
“Investor”	Eyebright Medical Technology (Beijing) Co., Ltd. (愛博諾德(北京)醫療科技股份有限公司), a company listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (Stock Code: 688050)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Participants”	the participants under the Equity Reward Scheme
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the People’s Republic of China
“Put Option”	the put option granted by the Target Company to the Investor and exercisable by the Investor to require the Company, HK Unicon and/or their designated third parties to jointly purchase the then equity interest held by the Investor in the Target Company pursuant to the terms and conditions in the Capital Injection Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Second Completion”	completion of the Second Equity Transfer
“Second Completion Date”	date of the Second Completion
“Second Equity Transfer”	the transactions contemplated under the Second Equity Transfer Agreement
“Second Equity Transfer Agreement”	the equity transfer agreement dated 28 July 2023 entered into between HK Unicon and the Employee Shareholding Platform in relation to sale and purchase of the Second Sale Interests
“Second Sale Interests”	approximately 15% equity interest of the Target Company after the First Completion
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan Unicon”	Unicon Optical Co., Ltd. (優你康光學股份有限公司), 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), a non-controlling shareholder of HK Unicon

“Target Company”	Fujian Unicon Optical Co., Ltd (福建優你康光學有限公司), a direct wholly-owned subsidiary of HK Unicon
“Transaction Documents”	collectively the Capital Injection Agreement, the First Equity Transfer Agreement and the Deposit Agreement
“Transactions”	the transactions contemplated under the Transaction Documents
“US\$”	US dollar, the lawful currency of the United States of America
“Warrantors”	collectively the Company, HK Unicon and the Target Company

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

Hong Kong, 31 July 2023

As at the date of this announcement, the Board comprises Mr. Yuen Leong and Mr. Chan Siu Tat as executive directors; Mr. Liu Yu as non-executive director; and Mr. Yap Yung, Ms. Chen Lanran and Mr. Wong Kin Ping as independent non-executive directors.