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EVER SMART INTERNATIONAL HOLDINGS LIMITED

永駿國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8187

**VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING IN RELATION TO
POSSIBLE PATENT LICENSING**

This is a voluntary announcement made by Ever Smart International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

The board of directors of the Company would like to inform the shareholders of the Company and potential investors that on 31 October 2016 (after trading hours), Dodge & Swerve Limited (“**D&S**”), an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding Memorandum of Understanding (“**MOU**”) with a patent owner (the “**Patent Owner**”) to obtain a patent license in relation to the development, manufacturing, marketing and sale of certain footwear products (“**Possible Patent Licensing**”).

The Patent Owner is a company incorporated under the laws of Hong Kong with limited liability which is the registered owner of the certain patents. It owns and/or has the right to license certain registered patents and applied patent in respect of certain technology, which relates to the development, manufacturing, marketing and sale of certain footwear products.

To the best of the knowledge, information and belief of the board of directors of the Company after having made all reasonable enquiries, the Patent Owner is a third party independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited “**GEM Listing Rules**”).

ESSENTIAL TERMS OF THE MOU

Formal Agreement

The MOU provides that D&S and the Patent Owner (the “**Parties**”) shall use their respective best commercial effort to negotiate in good faith towards one another with a view that the Parties may, as soon as practicable and in any event within the period of 3 months from the date of the MOU (“**Exclusivity Period**”) conclude and execute a binding and definite formal agreement (“**Formal Agreement**”).

Subject to the Parties’ further negotiation, the Formal Agreement may provide the detailed terms and conditions relating to the Possible Patent Licensing. The Parties will explore the commercial terms and conditions of the Possible Patent Licensing which may cover, without limitation, the duration of the permission, the royalty and its payment method, the respective obligations and undertaking, and warranties in respect of the patents.

Due Diligence Review

For the purpose of assisting the discussion and negotiation of the terms in respect of the Possible Patent Licensing, the Group, and its respective advisers are entitled during the Exclusivity Period to conduct due diligence review in respect of which the Patent Owner agrees to provide all assistance.

Exclusivity

The Parties agree that within the Exclusivity Period, the Patent Owner shall not and it shall procure that any of its direct and indirect holding companies, controlling shareholders and their respective directors, shall not, without the prior written consent of D&S, enter into any discussion, negotiation or agreement with any third party with respect to any licensing, sale or otherwise disposal of any of the patents. Likewise, subject to certain exceptions, D&S shall not and it shall procure that any of its direct and indirect holding companies shall not, without the prior written consent of the Patent Owner, enter into any discussion, negotiation or agreement with any third party in respect of any patent licensing or acquisition which is similar to that of the patents.

Confidentiality

Each party shall not, without prior written consent of the other party, disclose in any way to any other person or entity the existence and provisions of the MOU, or any information disclosed under the MOU, except for (i) the disclosure which is required by law or the rules of any applicable regulatory or governmental authority (including without limitation The Stock Exchange of Hong Kong Limited); or (ii) the disclosure to any of such party’s representatives (including without limitation its directors, officers, employees or professional advisors) who needs to know such information for the purpose of the Possible Patent Licensing.

Governing Law and Jurisdiction

The MOU shall be governed by and construed in accordance with the laws of Hong Kong. The Parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.

Non-legally binding effect

The MOU is intended to serve as a platform for further negotiations between the parties to the MOU and is not intended to be legally binding on the relevant parties (save for the provisions headed “Due Diligence Review”, “Exclusivity”, “Confidentiality”, “Costs” and “Governing Law and Jurisdiction” in the MOU).

Termination

The MOU will be terminated at the earlier of:

- (i) the expiry of the Exclusivity Period; or
- (ii) the date of execution of the Formal Agreement.

INFORMATION ON THE COMPANY

The Company is a holding company, and together with its subsidiaries are principally engaged in the provision of footwear design and development, production management (including quality control) and logistics management service.

GENERAL

Shareholders and potential investors should note that the Formal Agreement may or may not be executed by the Patent Owner and D&S eventually. As at the date of this announcement, no Formal Agreement in relation to the Possible Patent Licensing has been entered into, the Possible Patent Licensing may or may not proceed.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company, and if they are in any doubt about their position, they should consult their professional adviser.

The Company will make further announcement in respect thereof as and when required by the GEM Listing Rules.

By Order of the Board
Ever Smart International Holdings Limited
Ho Kin Wai
Chairman

Hong Kong, 31 October, 2016

As at the date of this announcement, the executive Directors are Mr. Ho Kin Wai and Mr. Ho Kin Pong, and the independent non-executive Directors are Mr. Yuen Poi Lam William, Mr. Lu Tak Ming and Mr. Lee Tat Yin Rick.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited 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 matters the omission of which would make any statement in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the Company’s website at esmart.hk.