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## **YORKEY OPTICAL INTERNATIONAL (CAYMAN) LTD.**

**精熙國際（開曼）有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2788)**

### **ANNOUNCEMENT**

## **ENTRY OF NEW CONTINUING CONNECTED TRANSACTION AND EXTENSION OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

On 18 March 2021, (i) the Company (for itself and on behalf of its subsidiaries) and AOCI (for itself and on behalf of its subsidiaries) entered into Sale Framework Agreement (2022); (ii) the Company (for itself and on behalf of its subsidiaries) and AOCI (for itself and on behalf of its subsidiaries) entered into Processing Framework Agreement (2022); (iii) Dongguan Yorkey and Dongguan Sintai entered into Lease Agreement (Sintai)(2022); and (iv) Dongguan Yorkey and Dongguan Guang Tong entered into Lease Agreement (Guang Tong)(2022).

### **ENTRY OF NEW CONTINUING CONNECTED TRANSACTION**

#### **Sale Framework Agreement (2022)**

The Company (for itself and on behalf of its subsidiaries) and AOCI (for itself and on behalf of its subsidiaries) entered into Sale Framework Agreement (2022). Sale Framework Agreement (2022) serves as a framework to govern the sale of Yorkey Products from the member(s) of the Group to the member(s) of AOCI Group. It sets out the principles and basis in particular with respect to the pricing of the sale of Yorkey Products may be conducted.

Sale Framework Agreement (2022) is conditional upon the approval of the Independent Shareholders at the EGM. If approved, Sale Framework Agreement (2022) will be for a term of three years commencing on 1 January 2022 and expiring on 31 December 2024.

It is proposed that the annual caps for the transactions under Sale Framework Agreement (2022) be set at US\$3,915,000 for the year ending 31 December 2022, and US\$4,893,000 for the year ending 31 December 2023 and US\$5,872,000 for the year ending 31 December 2024.

## **EXTENSION OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

References are made to the announcements of the Company dated 23 March 2018 and 4 April 2018 in relation to, among others, (i) the engagement of Shenzhen Sintai for plating and surface treatment processing by Dongguan Yorkey, (ii) the lease of property by Dongguan Yorkey from Dongguan Sintai, and (iii) the lease of property by Dongguan Yorkey to Dongguan Guang Tong.

### **Processing Framework Agreement (2022)**

As the existing Processing Agreement (2019) will expire on 31 December 2021, and to leverage on the mutual cooperation and trust relationship built up by the efforts of the operation and management teams of both groups during the term of the Processing Agreement (2019), the Group intends to continue such relationship with AOCI Group.

On 18 March 2021, the Company (for itself and on behalf of its subsidiaries) and AOCI (for itself and on behalf of its subsidiaries) entered into Processing Framework Agreement (2022), which serves as a framework to govern the plating and surface treatment processing on Processing Products to be provided to the member(s) of the Group by the member(s) of AOCI Group for a term of three years commencing on 1 January 2022 and expiring on 31 December 2024. It sets out the principles and basis in particular with respect to the pricing of the fee for the plating and surface treatment processing on the Processing Products may be conducted.

It is proposed that the annual caps for the transactions under Processing Framework Agreement (2022) be set at US\$2,400,000 for the year ending 31 December 2022, and US\$2,880,000 for the year ending 31 December 2023 and US\$3,456,000 for the year ending 31 December 2024.

### **Lease Agreement (Sintai) (2022) and Lease Agreement (Guang Tong) (2022)**

Upon considering the needs of the Group, the Directors decided to continue the transactions under the Existing Lease Agreements after their respective expiry of term on 31 December 2021. On 18 March 2021, (i) Dongguan Yorkey and Dongguan Sintai entered into the Lease Agreement (Sintai)(2022), pursuant to which Dongguan Sintai will continue to lease to Dongguan Yorkey a property in Dongguan, Guangdong, the PRC for a term of three years commencing on 1 January 2022 and expiring on 31 December 2024, and (ii) Dongguan Yorkey and Dongguan Guang Tong entered into the Lease Agreement (Guang Tong)(2022), pursuant to which Dongguan Yorkey will continue to lease to Dongguan Guang Tong a property in Dongguan, Guangdong, the PRC for a term of three years commencing on 1 January 2022 and expiring on 31 December 2024.

The annual maximum rental fee payable by Dongguan Yorkey under Lease Agreement (Sintai) (2022) is RMB8,059,000 (equivalent to approximately US\$1,243,000 (on the date of this announcement)) for each of the years ending 31 December 2022, 2023 and 2024. The annual maximum rental fee receivable by Dongguan Yorkey from Dongguan Guang Tong, i.e. the proposed annual caps for the transactions, under Lease Agreement (Guang Tong) (2022) is RMB1,856,000 (equivalent to approximately US\$286,000 (on the date of this announcement)) for each of the years ending 31 December 2022, 2023 and 2024.

Processing Framework Agreement (2022) and Lease Agreement (Sintai) (2022) are conditional upon the approval of the Independent Shareholders at the EGM. If approved, each of the Processing Framework Agreement (2022) and Lease Agreement (Sintai) (2022) will be for a term of three years commencing on 1 January 2022 and expiring on 31 December 2024.

## **LISTING RULES IMPLICATIONS**

As of the date of this announcement, (i) AOCI indirectly holds approximately 27.73% of the equity interests in the Company, (ii) AOIL is a wholly-owned subsidiary of AOCI and a substantial shareholder of the Company holding approximately 22.84% of the equity interests in the Company, and (iii) Dongguan Sintai is a wholly-owned subsidiary of AOIL, and hence AOCI and Dongguan Sintai are connected persons of the Company for the purpose of the Listing Rules. Thus, the transactions under Sale Framework Agreement (2022) and Processing Framework Agreement (2022) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and Lease Agreement (Sintai)(2022) constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

Dongguan Guang Tong is wholly owned by Ever Pine, which is owned as to 34.65% by Ability Enterprise BVI, and therefore is an associate of Ability Enterprise BVI which is a substantial shareholder of the Company holding approximately 17.58% of the equity interests in the Company as of the date of this announcement. Therefore, Dongguan Guang Tong is a connected person of the Company for the purpose of the Listing Rules and the Lease Agreement (Guang Tong)(2022) constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules:

- (1) as one or more of the applicable percentage ratios in respect of the proposed annual caps for the transactions under Sale Framework Agreement (2022) for each of the three years ending 31 December 2022, 2023 and 2024 are expected to exceed 5% and do not constitute exempt continuing connected transactions under Rule 14A.73 of the Listing Rules, the transactions are subject to the reporting, announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules;
- (2) as one or more of the applicable percentage ratios in respect of the proposed annual caps for the transactions under Processing Framework Agreement (2022) for each of the three years ending 31 December 2022, 2023 and 2024 are expected to exceed 5% and do not constitute exempt continuing connected transactions under Rule 14A.73 of the Listing Rules, the transactions are subject to the reporting, announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules;
- (3) as one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use assets to be recognised by the Group under Lease Agreement (Sintai)(2022) are expected to exceed 5% and do not constitute exempt connected transactions under Rule 14A.73 of the Listing Rules, the transactions are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules; and

(4) as each of the applicable percentage ratios in respect of the proposed annual caps for the transactions under Lease Agreement (Guang Tong)(2022) for each of the three years ending 31 December 2022, 2023 and 2024 are expected to be less than 5%, the transactions are only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

## **EGM**

The Company will convene the EGM at which ordinary resolutions will be proposed for the Independent Shareholders to consider, if thought fit, approve the Agreements and the Transactions (including the respective proposed annual caps or the estimated value of the right-of-use assets (as the case may be)). AOIL and its respective associates are required to abstain from voting on the resolutions as proposed at the EGM.

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise and provide voting recommendation to the Independent Shareholders in relation to the Agreements and the Transactions (including the respective proposed annual caps or the estimated value of the right-of-use assets (as the case may be)).

Chanceton Capital Partners Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same respect. A circular (together with the notice convening the EGM) is expected to be despatched by the Company to the Shareholders on or before 13 April 2021.

## **ENTRY OF NEW CONTINUING CONNECTED TRANSACTION AGREEMENT**

### **SALE FRAMEWORK AGREEMENT (2022)**

The Company (for itself and on behalf of its subsidiaries) and AOCI (for itself and on behalf of its subsidiaries) entered into the Sale Framework Agreement (2022). The Sale Framework Agreement (2022) serves as a framework to govern the sale of Yorkey Products from the member(s) of the Group to the member(s) of AOCI Group. It sets out the principles and basis in particular with respect to the pricing of the sale of Yorkey Products may be conducted.

The principal terms of Sale Framework Agreement (2022) are set forth below:

Date	:	18 March 2021
Parties	:	(1) The Company (for itself and on behalf of its subsidiaries) (2) AOCI (for itself and on behalf of its subsidiaries)
Subject Matter	:	Sale Framework Agreement (2022) sets out the principles and basis on which the sale of Yorkey Products from the member(s) of the Group to the member(s) of AOCI Group.

Condition Precedent	:	<p>Sale Framework Agreement (2022) is conditional upon the approval of the Independent Shareholders at the EGM.</p> <p>If the approval is not granted on or before 30 June 2021 (or such later date as may be set by mutual agreement between the Company and AOCI), Sale Framework Agreement (2022) shall terminate and no party shall have any obligation thereunder.</p>
Term	:	<p>Subject to the satisfaction of the condition precedent, Sale Framework Agreement (2022) will be for a term of three years commencing on 1 January 2022 and expiring on 31 December 2024.</p>
Pricing basis	:	<p>The price for sale of Yorkey Products will be determined after arm's length negotiation and taking into consideration of the following:</p> <ul style="list-style-type: none"> <li>(i) the price shall be, from the perspective of the Group, no less favourable than that offered by the Group to its independent third party customers for the sale of any products of similar quantity and specifications after taking into account the relevant bulk purchase discounts offered to independent third party;</li> <li>(ii) in terms of market comparable price, the Group will (a) first make reference to the average market price of the products with similar specification and use; (b) if the relevant market price is not available, the price will be determined on a "cost plus" basis; or (c) if the Group considers (a) and (b) are not relevant, the Group will determine the price based on normal commercial principles; and</li> <li>(iii) other factors including but not limited to the general sales condition, competition, quantity, potential workload imposes on the Group, and whether the transactions will help promote the business of the Group.</li> </ul>
Credit terms and other terms	:	<p>The product specifications, quantity, credit terms, settlement method, delivery arrangement and other terms will be determined by other project contracts or supply orders that will be signed and determined by the parties.</p> <p>The Group normally receives payment for sales transactions within 60 to 120 days after the relevant invoice date.</p>

## **Proposed annual caps for the transactions under the Sale Framework Agreement (2022)**

It is proposed that the annual caps for the transactions under Sale Framework Agreement (2022) be set at as follows:

	<b>For the year ending 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Proposed annual cap for the transactions under Sale Framework Agreement (2022)	3,915	4,893	5,872

The member(s) of the Group sold Yorkey Products to the member(s) of AOCI Group previously and the last transaction was conducted in 2015. The transaction amount for the year ended 31 December 2015 was approximately US\$8.79 million. The proposed annual caps for the transactions under Sale Framework Agreement (2022) for the three years ending 31 December 2024 are determined by reference to various factors, including but not limited to, (i) the target percentage of the total sales of the Group to AOCI Group to the Group's annual turnover; (ii) the audited revenue of the Group for the year ended 31 December 2020; and (iii) the relevant inflation rate.

The proposed annual caps for the transactions under Sale Framework Agreement (2022) are genuine and reasonable estimates by the Board based on information currently available. There is no commitment on the part of the parties to the transactions as to the future volume, pricing or frequency of the transactions for the relevant years.

## **Internal control in respect of the transactions under Sale Framework Agreement (2022)**

The Group has adopted the following internal control measures to ensure that the transactions under Sale Framework Agreement (2022) will be conducted in accordance with the pricing policies and the principles set out in Sale Framework Agreement (2022), and in compliance with the Listing Rules:

- (a) sales and operation teams will oversee the transactions between the Group and AOCI Group and will draw up the price and the terms on which the Group will offer to AOCI Group against those offered by the Group to other third party customers ordering similar quantity and specifications of Yorkey Products and gather information as to the manufacturing cost;
- (b) any price adjustment will be conducted in accordance with the established internal procedures of the Group and to be approved by the sales supervisor and senior supervisor of the relevant plant;
- (c) sales and operation teams of the Group keep internal records of the pricing and payment terms offered to other customers and review the terms of each transaction with AOCI Group to ensure that such transactions will be conducted in accordance with the terms of Sale Framework Agreement (2022) and the relevant pricing shall be fair and reasonable and in accordance with the pricing policies to ensure the price and the terms are reasonable and, from the perspective of the Group, no less favourable than those offered by the Group to other third party customers;

- (d) the finance department of the Group will periodically prepare a ledger on the transaction amounts, aggregate the amount of connected transactions and compare such amount with the pre-approved annual cap to confirm whether the pre-approved annual cap has been exceeded and report to the management team of the Company periodically to ensure the pre-approved annual caps will not be exceeded;
- (e) the Board will continue to review the Group's internal control systems and their effectiveness periodically; and
- (f) the independent non-executive Directors shall, and the Group shall engage its external auditors to, conduct annual review on the said transactions and the pre-approved annual caps in accordance with the requirements of the Listing Rules.

### **Reasons for and benefits in respect of the transactions under Sale Framework Agreement (2022)**

The Board considered (i) the Group's sales to AOCI Group can increase the utilisation rate of the Group's production capacity; (ii) such sales can increase sales profit and diversify the product mix; and (iii) the Group can benefit from the location proximity between the plants of the Group and AOCI Group to save transportation costs.

The Directors (excluding the independent non-executive Directors whose views will be set out in the circular to be issued by the Company) are of the view that the terms and conditions of Sale Framework Agreement (2022) and the transactions contemplated thereunder (including the proposed annual caps) are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

### **EXTENSION OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

References are made to the announcements of the Company dated 23 March 2018 and 4 April 2018 in relation to, among others, (i) the engagement of Shenzhen Sintai for plating and surface treatment processing by Dongguan Yorkey; (ii) the lease of property by Dongguan Yorkey from Dongguan Sintai; and (iii) the lease of property by Dongguan Yorkey to Dongguan Guang Tong.

### **PROCESSING FRAMEWORK AGREEMENT (2022)**

As the existing Processing Agreement (2019) will expire on 31 December 2021, and leverage on the mutual cooperation and trust relationship built up by the efforts of the operation and management teams of both groups during the term of the Processing Agreement (2019), the Group intends to continue such relationship with AOCI Group.

On 18 March 2021, the Company (for itself and on behalf of its subsidiaries) and AOCI (for itself and on behalf of its subsidiaries) entered into Processing Framework Agreement (2022), which serves as a framework to govern the conducting of plating and surface treatment processing on Processing Products provided to the member(s) of the Group by the member(s) of AOCI Group. It sets out the principles and basis in particular with respect to the pricing of the fee for the plating and surface treatment processing on Processing Products may be conducted.

The principal terms of Processing Framework Agreement (2022) are set forth below:

- Date : 18 March 2021
- Parties : (1) The Company (for itself and on behalf of its subsidiaries)  
(2) AOCI (for itself and on behalf of its subsidiaries)
- Subject Matter : Processing Framework Agreement (2022) sets out the principles and basis on which the conducting of plating and surface treatment processing on Processing Products to be provided to the member(s) of the Group by the member(s) of AOCI Group and such Processing Products will be used for further processing.
- Condition Precedent : Processing Framework Agreement (2022) is conditional upon the approval of the Independent Shareholders at the EGM.  
  
If the approval is not granted on or before 30 June 2021 (or such later date as may be set by mutual agreement between the Company and AOCI), Processing Framework Agreement (2022) shall terminate and no party shall have any obligation thereunder.
- Term : Subject to the satisfaction of the condition precedent, Processing Framework Agreement (2022) will be for a term of three years commencing on 1 January 2022 and expiring on 31 December 2024.
- Pricing basis : The processing fee for conducting of plating and surface treatment processing on Processing Products will be determined after arm's length negotiation and taking into consideration of the following:
- (i) the processing fee paid by the Group to AOCI Group shall not be higher than the processing fee paid by the Group to other independent third party suppliers for conducting of plating and surface treatment processing or services of similar specification on its products after taking into account the relevant discounts offered by other independent third party suppliers; and
  - (ii) the quotations obtained by the Group from at least two qualified suppliers that meet the Group's requirements, including but not limited to quantity, quality, price and delivery time, if it is impossible to obtain quotation from at least two qualified suppliers, the Group will make reference to quotation from other qualified suppliers for services of similar specification.

Credit terms and other terms : The services specifications, quantity, credit terms, settlement method, delivery arrangement and other terms will be determined by other project contracts or supply orders that will be signed and determined by the parties.

The Group normally makes payment for processing services within 60 to 120 days after the relevant invoice date.

### **Proposed annual caps for the transactions under Processing Framework Agreement (2022)**

References are made to the announcements of the Company dated 16 December 2015 and 23 March 2018 in relation to, among others, the continuing connected transactions relating to Dongguan Yorkey engaging Shenzhen Sintai for conducting of plating and surface treatment processing on Processing Products.

The historical transaction amounts in respect of conducting of plating and surface treatment processing on Processing Products under Processing Agreement (2016) and Processing Agreement (2019) were as follows:

	<b>For the year ended 31 December</b>			<b>For the two months ended on</b>
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>28 February</b>
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>
	<i>US\$' 000</i>	<i>US\$' 000</i>	<i>US\$' 000</i>	<i>US\$' 000</i>
Annual cap	3,975	3,943	3,943	3,943
Actual transaction amount	3,601	3,090	2,000	296
Utilisation rate	90.59%	78.37%	50.72%	45.04% (Note)

*Note:* The utilisation rate for the two months ended 28 February 2021 is calculated on annualised basis.

It is proposed that the annual caps for the transactions under Processing Framework Agreement (2022) be set at as follows:

	<b>For the year ending 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>US\$' 000</i>	<i>US\$' 000</i>	<i>US\$' 000</i>
Proposed annual cap for the transactions under the Processing Framework Agreement (2022)	2,400	2,880	3,456

The proposed annual caps for the transactions under the Processing Framework Agreement (2022) for the three years ending 31 December 2024 are determined by reference to various factors, including but not limited to, (i) the historical transaction amounts; (ii) the potential rebound of relevant opto-electronic markets; and (iii) buffer for possible inflation in the raw material costs in connection with the cost of conducting of plating and surface treatment processing and other production costs.

The proposed annual caps for the transactions under the Processing Framework Agreement (2022) are genuine and reasonable estimates by the Board based on information currently available. There is no commitment on the part of the parties to the transactions as to the future volume, pricing or frequency of the transactions for the relevant years.

#### **LEASE AGREEMENT (SINTAI)(2022)**

As the existing lease of property by Dongguan Yorkey from Dongguan Sintai will expire on 31 December 2021, on 18 March 2021, Dongguan Yorkey and Dongguan Sintai entered into the Lease Agreement (Sintai)(2022), pursuant to which Dongguan Sintai will continue to lease to Dongguan Yorkey a property in Dongguan, Guangdong, the PRC for a term of three years commencing on 1 January 2022 and expiring on 31 December 2024.

The principal terms of the Lease Agreement (Sintai)(2022) are set forth below:

Date	:	18 March 2021
Parties	:	(1) Dongguan Yorkey as tenant (2) Dongguan Sintai as landlord
Term	:	The Lease Agreement (Sintai)(2022) will be for a term of three years commencing on 1 January 2022 and expiring on 31 December 2024.
Condition Precedent	:	Lease Agreement (Sintai)(2022) is conditional upon the approval of the Independent Shareholders at the EGM.
Nature of Transactions	:	Lease of a property for production, storage and dormitory uses.  The relevant property is located at Xiao-bian, the Second Industrial Zone, Chang-an town, Dong-guan city, Guangdong, China.
Rent	:	The rent payable by Dongguan Yorkey shall be negotiated on an arm's length basis between Dongguan Yorkey and Dongguan Sintai and on normal commercial terms. The rent has been arrived at by reference to (i) gross floor area and location of the property; (ii) the prevailing market conditions; (iii) the previous rental payment made by the Group under the Lease Agreement (Sintai)(2019); and (iv) the fair rent letter issued by an independent valuer to the Company in respect of the Lease Agreement (Sintai) (2022).

Monthly rent is calculated based on actual space used by Dongguan Yorkey based on the parameters below:

- (1) maximum area of 13,984.13 square meters for production use at a rate of RMB35 (tax included) per square meter;
- (2) maximum area of 6,581 square meters for storage use at a rate of RMB10 (tax included) per square meter; and
- (3) maximum area of 4,653.38 square meters for dormitory use at a rate of RMB25 (tax included) per square meter;

as such, the maximum monthly rental payable is RMB671,589 (tax included) and the maximum annual rental payable is RMB8,059,000 (equivalent to approximately US\$1.243 million (on the date of this announcement)).

Payment term : The rent payable by Dongguan Yorkey is on a monthly basis by way of telegraphic transfer with a credit period of 30 days.

**Estimated value of the right-of-use assets to be recognised by the Group under the Lease Agreement (Sintai)(2022)**

	<b>For the year ended 31 December</b>		<b>For the two months ended on 28 February</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Annual caps ( <i>Note 1</i> )	1,305	1,305	1,305
Actual transaction amount ( <i>Note 2</i> )	1,114	1,111	198
Utilisation rate	85.36%	85.13%	91.03% ( <i>Note 3</i> )

*Note*

1. The annual caps for the transactions under Lease Agreement (Sintai)(2019) are denominated in US\$. The applicable exchange rate is the median rate of US\$ against Renminbi published by the China Foreign Exchange Trading System as authorised by the People's Bank of China on 23 March 2018, which is 1:6.3272. As such, the equivalent amount of US\$1,305,000 is approximately RMB8,256,996.
2. The rental fee was paid by Dongguan Yorkey in Renminbi and was recognised at the rates of exchange prevailing on the dates of the transactions.
3. The utilisation rate for the two months ended 28 February 2021 is calculated on annualised basis.

The rate of the rental fee payable by Dongguan Yorkey under the Lease Agreement (Sintai)(2022) are determined by reference to (i) rental fee per square metre for each type of use reached after arm's length negotiation and with reference to fair rent letter issued by an independent valuer; and (ii) the previous rental payment made by the Group under the Lease Agreement (Sintai)(2019). Accordingly, the maximum annual rental fee payable by Dongguan Yorkey, under the Lease Agreement (Sintai)(2022) is RMB8,059,000 (equivalent to approximately US\$1,243,000 (on the date of this announcement)) for each of the years ending 31 December 2022, 2023 and 2024. The annual maximum rental fee payable by Dongguan Yorkey under Lease Agreement (Sintai)(2022) is a genuine and reasonable estimate by the Board based on information currently available.

In view of (i) the payment will be made by Dongguan Yorkey in Renminbi and (ii) the potential fluctuation in the exchange rate of US\$ against Renminbi, the maximum transaction amount under Lease Agreement (Sintai) (2022) will be calculated in Renminbi.

### **Accounting Impact on the Connected Lease-Right-of-use Assets Cap**

The Group first adopted HKFRS 16 – “Leases” as at 1 January 2019, which forms part of the financial reporting standards applicable to the Group. Based on HKFRS 16, which is the latest applicable financial reporting standard, the Group as tenant shall recognise the lease under the Lease Agreement (Sintai)(2022) as right-of-use assets and lease liabilities in the consolidated financial statements of the Group. Accordingly, the lease transaction under the Lease Agreement (Sintai)(2022) would be regarded as acquisition of asset by the tenant and is one-off in nature for the purpose of the Listing Rules. The total rent payable under the Lease Agreement (Sintai)(2022) is RMB23.026 million (tax excluded) (equivalent to approximately US\$3.551 million (on the date of this announcement)) while the aggregate value of the right-of-use assets to be recognised on its statement of financial position in connection with Lease Agreement (Sintai)(2022) is estimated to be RMB21.42 million (equivalent to approximately US\$3.303 million (on the date of this announcement)). The estimated right-of-use assets are determined by considering:

- (a) the maximum leased area and the rental per square meter; and
- (b) the value of the Group's right-of-use of the underlying leased assets during the lease term is initially measured on a present value basis and calculated by discounting the non-cancellable lease payment of the relevant connected lease using the incremental borrowing rate as discount rate.

### **LEASE AGREEMENT (GUANG TONG)(2022)**

As the existing lease of property by Dongguan Yorkey to Dongguan Guang Tong will expire on 31 December 2021, on 18 March 2021, Dongguan Yorkey and Dongguan Guang Tong entered into the Lease Agreement (Guang Tong)(2022), pursuant to which Dongguan Yorkey will continue to lease to Dongguan Guang Tong a property in Dongguan, Guangdong, the PRC for a term of three years commencing on 1 January 2022 and expiring on 31 December 2024.

The principal terms of the Lease Agreement (Guang Tong)(2022) are set forth below:

Date	:	18 March 2021
Parties	:	(1) Dongguan Yorkey as landlord (2) Dongguan Guang Tong as tenant
Term	:	The Lease Agreement (Guang Tong)(2022) will be for a term of three years commencing on 1 January 2022 and expiring on 31 December 2024.
Nature of Transactions	:	Lease of property.  The relevant property is located at Xiao-bian, the Second Industrial Zone, Chang-an town, Dong-guan city, Guangdong, China.
Pricing Terms	:	The rent payable by Dongguan Guang Tong shall be reached after arm's length negotiation between Dongguan Guang Tong and Dongguan Yorkey and shall be fair and reasonable and be determined on an annual basis with reference to the market condition and the average market rent of similar local properties in the market.  Monthly rent is calculated based on actual space used by Dongguan Guang Tong within the maximum area of 4,419 square metres for production use at a rate of RMB35 (tax included) per square metre; as such, the maximum monthly rental income is RMB154,665 (tax included).
Payment term	:	The rent payable by Dongguan Guang Tong is on a monthly basis by way of telegraphic transfer with a credit period of 30 days.

#### **Proposed annual caps of the transactions under Lease Agreement (Guang Tong)(2022)**

The annual transaction amount under Lease Agreement (Guang Tong)(2019) and proposed annual caps for the transactions under Lease Agreement (Guang Tong)(2022) be set as follows:

	<b>For the year ended</b>		<b>For the</b>
	<b>31 December</b>		<b>two months</b>
	<b>2019</b>	<b>2020</b>	<b>ended on</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<b>28 February</b>
			<b>2021</b>
			<i>US\$'000</i>
Annual caps (Note 1)	301	301	301
Actual transaction amount (Note 2)	257	256	45.6
Utilisation rate	85.38%	85.05%	90.90% (Note 3)

*Note*

1. The annual caps for the transactions under Lease Agreement (Guang Tong)(2019) are denominated in US\$. The applicable exchange rate is the median rate of US\$ against Renminbi published by the China Foreign Exchange Trading System as authorised by the People's Bank of China on 23 March 2018, which is 1:6.3272. As such, the equivalent amount of US\$301,000 is approximately RMB1,904,487.
2. The rental fee was paid to Dongguan Yorkey in Renminbi and was recognised at the rates of exchange prevailing on the dates of the transactions.
3. The utilisation rate for the two months ended 28 February 2021 is calculated on annualised basis.

The rate of the rental fee receivable by Dongguan Yorkey under the Lease Agreement (Guang Tong)(2022) are determined by reference to (i) rental fee per square metre for the use reached after arm's length negotiation; and (ii) the previous rental payment made to the Group under the Lease Agreement (Guang Tong)(2019). Accordingly, the annual maximum rental fee receivable by Dongguan Yorkey, i.e. the proposed annual caps for the transactions, under the Lease Agreement (Guang Tong)(2022) is RMB1,856,000 (equivalent to approximately US\$286,000 (on the date of this announcement)) for each of the years ending 31 December 2022, 2023 and 2024. The maximum annual rental fee receivable by Dongguan Yorkey under the Lease Agreement (Guang Tong)(2022) is a genuine and reasonable estimate by the Board based on information currently available.

In view of (i) the payment will be received by Dongguan Yorkey; and (ii) the potential fluctuation in the exchange rate of US\$ against Renminbi, the maximum transaction amount under Lease Agreement (Guang Tong) (2022) will be calculated in Renminbi.

**Internal control in respect of the transactions under Processing Framework Agreement (2022), Lease Agreement (Sintai)(2022) and Lease Agreement (Guang Tong)(2022)**

The Group has adopted the following internal control measures to ensure that the transactions under each of Processing Framework Agreement (2022), Lease Agreement (Sintai)(2022) and Lease Agreement (Guang Tong)(2022) will be conducted in accordance with the pricing policies and the principles set out in each of Processing Framework Agreement (2022), Lease Agreement (Sintai)(2022) and Lease Agreement (Guang Tong)(2022), and in compliance with the Listing Rules:

- (a) as to the engagement of AOCI Group by the Group for conducting plating and surface treatment processing on Processing Products:
  - (i) purchase and operation teams will oversee the transactions between the Group and AOCI Group and will obtain quotations from at least two qualified suppliers and will compare the quotation of AOCI Group and those of the other qualified suppliers and such selection will be approved by the purchasing supervisor and senior supervisor of the factory (and if it is impossible to obtain quotation from at least two qualified suppliers, the Group will make reference to quotations from qualified suppliers for services of similar specification, use and quantity);
  - (ii) the Group will consider the price, credit terms, quality, delivery arrangements, etc. of different suppliers and will order from the suppliers with lowest quotation provided that other terms are comparable; and
  - (iii) the Group's finance department will aggregate the amounts of connected transactions by the end of each month and compare such amounts with the pre-approved annual cap to ascertain whether the annual cap has been exceeded;

(b) as to the Lease Agreement (Sintai)(2022):

- (i) Dongguan Yorkey may apply to Dongguan Sintai for any alteration in the area of actual space used according to its need for its production use, storage use or dormitory use from time to time and the designated team will ensure, upon agreement of the adjusted lease area, Dongguan Sintai will charge the rent based on the area being used after the adjustment, otherwise, Dongguan Sintai will continue to charge the rent based on the area used last agreed;
- (ii) the Group's finance department will aggregate the amount of connected transactions each month and compare such amount with the maximum annual rental fee payable by Dongguan Yorkey, under the Lease Agreement (Sintai)(2022) to confirm whether the maximum annual rental fee has been exceeded; and
- (iii) the Group would assess, on a regular basis, the sufficiency of the area of space actually used by Dongguan Yorkey and decide whether any reduction or additional of space is required to satisfy its actual need;

(c) as to the Lease Agreement (Guang Tong)(2022):

- (i) Dongguan Guang Tong may apply to Dongguan Yorkey for any alteration in the area of actual space used according to its need for its production use from time to time and the designated team will ensure that Dongguan Yorkey will charge the rent based on the area being used after the adjustment. Otherwise, Dongguan Yorkey will continue to charge the rent based on the area used last agreed;
- (ii) the Group's finance department will aggregate the amount of connected transactions each month and compare such amount with the maximum annual rental fee payable by Dongguan Guang Tong, under the Lease Agreement (Guang Tong) (2022) to confirm whether the maximum annual rental fee has been exceeded; and
- (iii) the designated team would conduct inspection at the leased property from time to time to ensure (i) Dongguan Guang Tong's use of the property is within the permitted use as set out in the Lease Agreement (Guang Tong)(2022) and (ii) the area of actual space used by Dongguan Guang Tong is within the area permitted by Dongguan Yorkey from time to time.

**Reasons for and benefits in respect of the transactions under Processing Framework Agreement (2022), Lease Agreement (Sintai)(2022) and Lease Agreement (Guang Tong)(2022)**

The Board considered the following factors:

- (a) as to the engagement of by the Group to AOCI Group for conducting plating and surface treatment processing of Processing Products:
  - (i) AOCI Group is a reputable manufacturer, which principally engaged in the manufacturing, design and sales of a wide range of optical and opto-electronic products, which mainly include products like DSCs, laser range finders, image sensors, automotive lens, light detection and ranging (LiDAR) products, optical communication components, mobile phone lens, AR/VR-related products, etc.;

- (ii) the Group is satisfied with the services rendered by AOCI Group in the past years, including the quality of services and delivery time, and intends to continue to engage AOCI Group for conducting plating and surface treatment processing services on Processing Products;
  - (iii) as the Group does not possess plating and surface treatment processing production line, the Group can benefit from the products and technique of AOCI Group and AOCI's plating and surface treatment processing production line that the Group can diversify its products mix; and
  - (iv) the Group can benefit from the location proximity between the plants of the Group and AOCI Group to save transportation costs;
- (b) as to the Lease Agreement (Sintai)(2022), (i) the rental space can satisfy the Group's internal needs for production use space, storage use space and dormitory use space and (ii) the rent charged by Dongguan Sintai is comparable to the market rent and the terms of the Lease Agreement (Sintai)(2022) are on commercial terms; and
- (c) as to the Lease Agreement (Guang Tong)(2022), (i) with a view to prevent the leased property flow vacant and unused and to optimize the utilisation of the Group's resource; and (ii) the rent charged by Dongguan Yorkey is comparable to the market rent and the terms of Lease Agreement (Guang Tong)(2022) are on commercial terms.

For the Processing Framework Agreement (2022) and the Lease Agreement (Sintai)(2022), the Directors (excluding the independent non-executive Directors whose views will be set out in the circular to be issued by the Company) are of the view that the respective continuing connected transactions and connected transaction contemplated thereunder are entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole, and the terms of the Processing Framework Agreement (2022) and Lease Agreement (Sintai)(2022) (including the proposed annual caps or the estimated value of the right-of-use assets (as the case may be)) are fair and reasonable, and are on normal commercial terms.

For the Lease Agreement (Guang Tong)(2022), the Directors (including the independent non-executive Directors) are of the view that the continuing connected transaction contemplated thereunder is entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole, and the terms of Lease Agreement (Guang Tong)(2022) (including the proposed annual caps) are fair and reasonable, and are on normal commercial terms.

## **GENERAL INFORMATION OF THE GROUP**

The Group is principally engaged in the manufacturing and sales of plastic and metallic parts and components of optical and opto-electronic products and manufacturing and sales of molds and cases, including plastic and metallic parts and components of DSCs, action cameras, copier-based multifunction peripherals, surveillance cameras, projectors and advanced TVs, etc.

## LISTING RULES IMPLICATIONS

As of the date of this announcement, (i) AOCI indirectly holds approximately 27.73% of the equity interests in the Company, (ii) AOIL is a wholly-owned subsidiary of AOCI and a substantial Shareholder of the Company holding approximately 22.84% of the equity interests in the Company, (iii) Dongguan Sintai is a wholly-owned subsidiary of AOIL and (iv) AOCI Group members (including, among others, AOCI, AOIL and Dongguan Sintai) are principally engaged in the manufacturing, design and sales of a wide range of optical and opto-electronic products. Hence, AOCI and Dongguan Sintai are connected persons of the Company for the purpose of the Listing Rules. Thus, the transactions under Sale Framework Agreement (2022) and Processing Framework Agreement (2022) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and Lease Agreement (Sintai)(2022) constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

Dongguan Guang Tong is a wholly foreign owned enterprise established under the laws of the PRC on 12 December 1995, an associate of Ability Enterprise BVI which is a substantial Shareholder of the Company holding approximately 17.58% of the equity interests in the Company as of the date of this announcement. Therefore, Dongguan Guang Tong is a connected person of the Company for the purpose of the Listing Rules and the Lease Agreement (Guang Tong)(2022) constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules:

- (1) as one or more of the applicable percentage ratios in respect of the proposed annual caps for the transactions under Sale Framework Agreement (2022) for each of the three years ending 31 December 2022, 2023 and 2024 are expected to exceed 5% and do not constitute exempt continuing connected transactions under Rule 14A.73 of the Listing Rules, the transactions are subject to the reporting, announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules;
- (2) as one or more of the applicable percentage ratios in respect of the proposed annual caps for the transactions under Processing Framework Agreement (2022) for each of the three years ending 31 December 2022, 2023 and 2024 are expected to exceed 5% and do not constitute exempt continuing connected transactions under Rule 14A.73 of the Listing Rules, the transactions are subject to the reporting, announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules;
- (3) as one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use assets to be recognised by the Group under Lease Agreement (Sintai)(2022) are expected to exceed 5% and do not constitute exempt connected transactions under Rule 14A.73 of the Listing Rules, the transactions are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules; and
- (4) as each of the applicable percentage ratios in respect of the proposed annual caps for the transactions under Lease Agreement (Guang Tong)(2022) for each of the three years ending 31 December 2022, 2023 and 2024 are expected to be less than 5%, the transactions are only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

## **EGM**

The Company will convene the EGM at which ordinary resolutions will be proposed for the Independent Shareholders to consider, if thought fit, approve the Agreements and the Transactions (including the respective proposed annual caps or the estimated value of the right-of-use assets (as the case may be)). AOIL and its respective associates are required to abstain from voting on the resolutions as proposed at the EGM.

Mr. LAI I-Jen and Ms. WU Shu-Ping, who hold directorship in AOCI, respectively, had abstained from voting on the resolution of the Board in respect of the Agreements and the Transactions (including the respective proposed annual caps or the estimated value of the right-of-use assets (as the case may be)).

An Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Agreements and as to how to vote at the EGM on the resolutions in relation to the Agreements and the Transactions (including the respective proposed annual caps or the estimated value of the right-of-use assets (as the case may be)), after taking into account the advice from the Independent Financial Adviser. No member of the Independent Board Committee has any material interest in the Agreements and the Transactions.

Chanceton Capital Partners Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same respect.

A circular together with the notice convening the EGM will be despatched by the Company to the Shareholders on or before 13 April 2021. The circular will contain the information required by the Listing Rules, among other things, (i) details of Sale Framework Agreement (2022) and the proposed annual caps; (ii) details of Processing Framework Agreement (2022) and the proposed annual caps; (iii) details of Lease Agreement (Sintai)(2022) and the estimated value of the right-of-use assets; (iv) a letter of recommendations from the Independent Board Committee to the Independent Shareholders in respect of the Agreements and the Transactions (including the respective proposed annual caps or the estimated value of the right-of-use assets (as the case may be)); and (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the Transactions (including the respective proposed annual caps or the estimated value of the right-of-use assets (as the case may be)) together with the notice convening the EGM is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement (i.e. on or before 13 April 2021).

## **DEFINITIONS**

In the announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Ability Enterprise BVI” means Ability Enterprise (BVI) Co., Ltd., a company incorporated in BVI with limited liability, directly holds 17.58% of the equity interests in the Company and indirectly holds 34.65% of the equity interests in Dongguan Guang Tong, while 100% of the issued shares of Ability Enterprise BVI are held by Ability Enterprise Co., Ltd., whose shares are listed on the Taiwan Stock Exchange;

“Agreements”	means Sale Framework Agreement (2022), Processing Framework Agreement (2022) and Lease Agreement (Sintai)(2022);
“AOCI”	means Asia Optical Co. Inc. (亞洲光學股份有限公司), a company established in Taiwan on 9 October 1980 (listed on the Taiwan Stock Exchange trading under the stock code 3019), which indirectly holds approximately 27.73% of the equity interests in the Company as of the date of this announcement and is therefore a substantial shareholder of the Company;
“AOCI Group”	means AOCI and its subsidiaries;
“AOIL”	means Asia Optical International Ltd., a company incorporated in BVI with limited liability, a wholly-owned subsidiary of AOCI and a substantial shareholder of the Company;
“associate(s)”	has the meaning as ascribed to it under the Listing Rules;
“Board”	means the board of Directors;
“BVI”	means the British Virgin Islands;
“Company”	means Yorkey Optical International (Cayman) Ltd. (精熙國際(開曼)有限公司) (stock code:2788), a company incorporated in the Cayman Island with limited liability, the Shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	means (a) director(s) of the Company;
“Dongguan Guang Tong”	means Dongguan Guang Tong Business Machines Co., Ltd.*, a wholly foreign owned enterprise established under the laws of the PRC on 12 December 1995, wholly owned by Ever Pine, is an associate of Ability Enterprise BVI and a connected person of the Company;
“Dongguan Sintai”	means Dongguan Sintai Optical Co., Ltd.*, a wholly foreign owned enterprise established under the laws of the PRC in June 1992, a wholly-owned subsidiary of AOIL and a connected person of the Company;
“Dongguan Yorkey”	means Dongguan Yorkey Optical Machinery Components Ltd.*, a wholly foreign owned enterprise established under the laws of the PRC on 11 December 1995 and an indirect wholly-owned subsidiary of the Company;

“DSCs”	means digital still cameras;
“EGM”	means an extraordinary general meeting of the Company to be convened for the purpose of approving the Agreements and the Transactions (including the respective proposed annual caps for each of the three years ending 31 December 2022, 2023 and 2024 or the estimated value of the right-of-use assets (as the case may be));
“Ever Pine”	means Ever Pine International Limited, a company incorporated in the British Virgin Islands with limited liability on 20 December 1999 which is owned as to 34.65% by Ability Enterprise BVI and hence a connected person of the Company. Ever Pine holds 100% equity interest of Dongguan Guang Tong;
“Existing Lease Agreements”	means Lease Agreement (Sintai)(2019) and Lease Agreement (Guang Tong)(2019);
“Group”	means the Company and its subsidiaries;
“HKFRS”	means Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	means Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	means an independent board committee comprising Mr. Lin Meng-Tsung, Mr. Liu Wei-Li and Mr. Wang Yi-Chi, established to review the continuing connected transactions under the Agreements and the Transactions (including the proposed annual caps or estimated value of the right-of-use assets (as the case may be)) for each of the three years ending 31 December 2022, 2023 and 2024;
“Independent Financial Adviser”	means Chanceton Capital Partners Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on, among other matters, the fairness and reasonableness of the Agreements and the Transactions (including the respective proposed annual caps or the estimated value of the right-of-use assets (as the case may be));
“Independent Shareholders”	means the Shareholders other than AOIL and its associates in respect of the resolutions relating as proposed at the EGM;

“independent third party(ies)”	independent third party(ies) who is (are) not connected persons of the Company as defined in the Listing Rules and is (are) independent of the Company and the connected persons of the Company;
“Lease Agreement (Guang Tong)(2019)”	means the lease agreement dated 23 March 2018 entered into between Dongguan Yorkey and Dongguan Guang Tong for the lease of property by Dongguan Yorkey to Dongguan Guang Tong for a term of three years commenced on 1 January 2019 and expiring on 31 December 2021;
“Lease Agreement (Guang Tong)(2022)”	means the lease agreement dated 18 March 2021 entered into between entered into between Dongguan Yorkey and Dongguan Guang Tong for the lease of property by Dongguan Yorkey to Dongguan Guang Tong for a term of three years commenced on 1 January 2022 and expiring on 31 December 2024;
“Lease Agreement (Sintai)(2019)”	means the lease agreement dated 23 March 2018 entered into between Dongguan Yorkey and Dongguan Sintai for the lease of property by Dongguan Yorkey from Dongguan Sintai for a term of three years commenced on 1 January 2019 and expiring on 31 December 2021;
“Lease Agreement (Sintai)(2022)”	means the lease agreement dated 18 March 2021 entered into between entered into between Dongguan Yorkey and Dongguan Sintai for the lease of property by Dongguan Yorkey from Dongguan Sintai for a term of three years commenced on 1 January 2022 and expiring on 31 December 2024;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“optical and opto-electronic products”	means optical and opto-electronic products, including but not limited to DSCs, photocopiers, multifunctional printers, projectors, portable consumer electronic products, aimers, binoculars, optical instruments, image sensors, microscopes, laser range finders, DVD drives, delicate optical instruments, laser printers, scanners, dedicated electronic equipment, automotive lens, light detection and ranging (LiDAR) products, optical communication components, mobile phone lens, AR/VR-related products, dedicated electronic testing equipment and printing devices, of which the related parts and components made with plastic and/or metallic materials, molds, coating and printed related products;
“PRC” or “China”	means the People’s Republic of China, for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region and Taiwan;

“Processing Agreement (2016)”	means the agreement dated 16 December 2015 entered into between Dongguan Yorkey and Shenzhen Sintai for engaging Shenzhen Sintai for plating and surface treatment processing;
“Processing Agreement (2019)”	means the agreement dated 23 March 2018 entered into between Dongguan Yorkey and Shenzhen Sintai for engaging Shenzhen Sintai for plating and surface treatment processing;
“Processing Framework Agreement (2022)”	means the framework agreement dated 18 March 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and AOCI (for itself and on behalf of its subsidiaries) in respect of engaging AOCI for plating and surface treatment processing on Processing Products for the Group;
“Processing Products”	means the components and parts manufactured by the member(s) of the Group to be undergone the plating and surface treatment processing to be conducted by the member(s) of AOCI Group as per the instruction made by member(s) of the Group;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Sale Framework Agreement (2022)”	means the framework agreement dated 18 March 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and AOCI (for itself and on behalf of its subsidiaries) in respect of the sale of Yorkey Products from the Group to AOCI Group;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Shareholders”	means shareholder(s) of the Company;
“Shares”	means share(s) of HK\$0.01 each in the share capital of the Company;
“Shenzhen Sintai”	means Shenzhen Sintai Optical Co., Ltd., a wholly foreign owned enterprise established under the laws of the PRC in August 2002, a wholly-owned subsidiary of AOIL and a connected person of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules;

“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Taiwan Stock Exchange”	means Taiwan Stock Exchange Corporation;
“Transactions”	means transactions contemplated under the Agreements;
“US\$”	means United States Dollars, the lawful currency of the United States of America;
“Yorkey Products”	means all plastic and metallic parts and components of optical and opto-electronic products to be manufactured by the Group for AOCI Group, which will be used by AOCI Group in the course of its business or for its business purposes from time to time; and
“%”	means per cent.

By order of the Board  
**YORKEY OPTICAL INTERNATIONAL (CAYMAN) LTD.**  
**Kurihara Toshihiko**  
*Executive Director and Chief Executive Officer*

Hong Kong, 18 March, 2021

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Lai I-Jen and Mr. Kurihara Toshihiko; one non-executive Director, namely, Ms. Wu Shu-Ping, and three independent non-executive Directors, namely, Mr. Lin Meng-Tsung, Mr. Liu Wei-Li and Mr. Wang Yi-Chi.*

\* *For identification purpose only*