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YORKEY

**ASIA OPTICAL
INTERNATIONAL LTD.**

(Incorporated in the British Virgin Islands with limited liability)

**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)

JOINT ANNOUNCEMENT

UPDATE ON

- (1) PROPOSED PRIVATISATION OF YORKEY OPTICAL
INTERNATIONAL (CAYMAN) LTD. BY THE OFFEROR BY WAY
OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF
THE COMPANIES ACT OF THE CAYMAN ISLANDS**
- (2) PROPOSED INCREASE IN CANCELLATION PRICE**
- (3) PROPOSED WITHDRAWAL OF LISTING
AND**
- (4) RESUMPTION OF TRADING IN SHARES**

Joint Financial Advisers to the Offeror



PROPOSED INCREASE IN CANCELLATION PRICE

The Offeror has proposed that the Cancellation Price be increased from HK\$0.88 to HK\$0.999 per Scheme Share (representing an increase of approximately 13.5% over the original Cancellation Price) and has requested the Company to put forward the Improved Proposal to the Scheme Shareholders. Apart from (i) the Revised Cancellation Price and (ii) the amendments to the Conditions of the Proposal as described in the section headed “Amendments to the Conditions” in this joint announcement, no other changes are being proposed to the Proposal.

The Revised Cancellation Price will not be further increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to further increase the Revised Cancellation Price.

The attention of the Shareholders is drawn to the statement contained in the Rule 3.5 Announcement that if the Scheme is not approved or otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (including the Improved Proposal), nor any person who is subsequently acting in concert with any of them, may within 12 months from the date on which the Scheme is not approved or otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

AMENDMENTS TO THE CONDITIONS

The implementation of the Improved Proposal remains subject to the fulfilment or waiver (as applicable) of all the Conditions subject to those amendments set out in the section headed “Amendments to the Conditions” in this joint announcement.

SCHEME DOCUMENT

As stated in the joint announcement of the Company and the Offeror dated 30 November 2021, the Executive has granted its consent on 12 November 2021 to extend the latest time for the despatch of the Scheme Document to 25 January 2022. As at the date of this joint announcement, the Offeror and the Company are in the course of finalising the information to be included in the Scheme Document. Each of the Company and the Offeror does not expect the proposed increase in the Cancellation Price to delay the despatch of the Scheme Document.

ADDITIONAL IRREVOCABLE UNDERTAKING

On 31 December 2021, the Offeror received the Additional Irrevocable Undertaking from the Additional Undertaking Shareholders, pursuant to which the Additional Undertaking Shareholders irrevocably undertook to, among other things, exercise, or procure the exercise, of the voting rights attached to the Additional Undertaking Scheme Shares held by the Additional Undertaking Shareholders to vote in favour of any resolution to approve and give effect to the Scheme and any resolution that may impact on the fulfilment of any condition of the Scheme at the Court Meeting and the EGM. As at the date of this joint announcement, the Additional Undertaking Shareholders hold 49,588,000 Shares in aggregate, representing approximately 6.07% of the issued share capital of the Company and approximately 8.41% of the Scheme Shares, respectively, as at the date of this joint announcement.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 3 January 2022 pending the issue of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 5 January 2022.

Shareholders and potential investors of the Company should be aware that the implementation of the Improved Proposal is subject to the Conditions being fulfilled or waived (as applicable) and thus the Improved Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

INTRODUCTION

References are made to (i) the joint announcement of Asia Optical International Ltd. (the “**Offeror**”) and Yorkey Optical International (Cayman) Ltd. (the “**Company**”) dated 15 October 2021 (the “**Rule 3.5 Announcement**”) in relation to, among other things, the proposed privatisation of the Company by the Offeror by way of a scheme of arrangement under Section 86 of the Companies Act, and (ii) the three joint announcements of the Offeror and the Company dated 30 November 2021, 15 December 2021 and 22 December 2021, respectively, in relation to the update on the progress relating to the Proposal.

Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Rule 3.5 Announcement.

PROPOSED INCREASE IN CANCELLATION PRICE

The Offeror has notified the Company that the Offeror wishes to amend the Proposal (the “**Improved Proposal**”) by increasing the Cancellation Price from HK\$0.88 to HK\$0.999 per Scheme Share (the “**Revised Cancellation Price**”) (representing an increase of approximately 13.5% over the original Cancellation Price). The Offeror has requested the Company to put forward the Improved Proposal to the Scheme Shareholders. Apart from (i) the Revised Cancellation Price and (ii) the amendments to the Conditions of the Proposal as described in the section headed “Amendments to the Conditions” in this joint announcement, no other changes are being proposed to the Proposal.

The Revised Cancellation Price will not be further increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to further increase the Revised Cancellation Price.

The attention of the Shareholders is drawn to the statement contained in the Rule 3.5 Announcement that if the Scheme is not approved or otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (including the Improved Proposal), nor any person who is subsequently acting in concert with any of them, may within 12 months from the date on which the Scheme is not approved or otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

Comparison of value

The Revised Cancellation Price of HK\$0.999 per Scheme Share represents:

- a premium of approximately 75.3% over the closing price of HK\$0.57 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 101.0% over the average closing price of approximately HK\$0.497 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 102.6% over the average closing price of approximately HK\$0.493 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 101.0% over the average closing price of approximately HK\$0.497 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 101.0% over the average closing price of approximately HK\$0.497 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 101.4% over the average closing price of approximately HK\$0.496 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 102.6% over the average closing price of approximately HK\$0.493 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 20.7% over the audited consolidated net asset value (the “NAV”) per Share of approximately US\$0.107 (or approximately HK\$0.828 equivalent) as at 31 December 2020, based on the NAV of the Group as at 31 December 2020 and 816,346,000 Shares in issue as at the date of this joint announcement;
- a premium of approximately 24.3% over the unaudited NAV per Share of approximately US\$0.104 (or approximately HK\$0.804 equivalent) as at 30 June 2021, based on the unaudited consolidated NAV of the Group as at 30 June 2021 (adjusted by the amount of cash utilised in the repurchase of 1,554,000 Shares from 11 August 2021 to 24 August 2021) and 816,346,000 Shares in issue as at the date of this joint announcement;
- a premium of approximately 6.3% to the Unaudited Reassessed NAV per Share of approximately US\$0.1218 (or approximately HK\$0.94 equivalent), as defined and disclosed in the joint announcement of the Company and the Offeror dated 15 December 2021;
- a premium of approximately 23.3% over the closing price of HK\$0.81 per Share as quoted on the Stock Exchange on 31 December 2021, being the last half trading day prior to the suspension of trading in the Shares pending the issue of this joint announcement (the “**Pre-Adjustment Date**”);

- a premium of approximately 23.6% over the average closing price of approximately HK\$0.808 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Pre-Adjustment Date;
- a premium of approximately 22.4% over the average closing price of approximately HK\$0.816 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Pre-Adjustment Date;
- a premium of approximately 25.2% over the average closing price of approximately HK\$0.798 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Pre-Adjustment Date;
- a premium of approximately 43.7% over the average closing price of approximately HK\$0.695 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Pre-Adjustment Date;
- a premium of approximately 54.4% over the average closing price of approximately HK\$0.647 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Pre-Adjustment Date; and
- a premium of approximately 67.6% over the average closing price of approximately HK\$0.596 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Pre-Adjustment Date.

Total consideration

As at the Pre-Adjustment Date, there were 816,346,000 Shares in issue and the Scheme Shares, being the Shares held by FLI and the Independent Shareholders (including the 80,000,000 Shares represented by TDRs), comprised 589,513,000 Shares (representing approximately 72.21% of the issued share capital of the Company) in issue.

At the Revised Cancellation Price, the Improved Proposal values the entire issued share capital of the Company at HK\$815,529,654.

On the basis of the Revised Cancellation Price of HK\$0.999 per Scheme Share and 589,513,000 Scheme Shares being in issue as at the date of this joint announcement and assuming that there is no other change in the shareholding of the Company before the Scheme Record Date, the Scheme Shares are in aggregate valued at HK\$588,923,487, which represents the amount of cash required for the Scheme.

Confirmation of financial resources

The Offeror intends to finance the cash required for the cancellation and extinguishment of the Scheme Shares through the financing facility made available to the Offeror by a licensed bank in Hong Kong.

DL Securities and VBG Capital, the Joint Financial Advisers, are satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Improved Proposal in accordance with its terms.

AMENDMENTS TO THE CONDITIONS

The implementation of the Improved Proposal remains subject to the fulfilment or waiver (as applicable) of all the Conditions as described in the section headed “4. Conditions of the Proposal and the Scheme” of the Rule 3.5 Announcement, except that any reference in Conditions (6) to (10) to “the Proposal” will be changed to “the Improved Proposal” so that the amended Conditions (6) to (10) will read as follows:

- “(6) all necessary Authorisations in connection with the Improved Proposal and the Scheme having been obtained from, given by or made with or by (as the case may be) the Relevant Authorities in the Cayman Islands, Hong Kong, Taiwan and any other relevant jurisdictions and remaining in full force and effect without variation, up to and at the time when the Scheme becomes effective;
- (7) all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in any relevant laws, rules, regulations or codes in connection with the Improved Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (8) all necessary consents in connection with the Improved Proposal and the Scheme which may be required under any existing contractual obligations of the Group being obtained and remained in effect or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business, assets or liabilities of the Group;
- (9) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Improved Proposal or its implementation in accordance with its term void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Improved Proposal or its implementation in accordance with its terms), from the Announcement Date up to the date when all Conditions are satisfied or waived (as applicable), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the Offeror to proceed with the Improved Proposal; and
- (10) from the Announcement Date up to the date when all Conditions are satisfied or waived (as applicable), there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Improved Proposal or the Scheme).”

In relation to amended Condition (6), as disclosed in the joint announcement of the Company and the Offeror dated 22 December 2021, the application by AOCI for the approval from The Investment Commission of The Ministry of Economic Affairs of Taiwan (台灣經濟部投資審議委員會) (“**MOEAIC**”) has been granted for the increase of the interests by AOCI through the Offeror in interests in the Company (the “**Approval**”). In light of the Improved Proposal, AOCI is required to apply to the MOEAIC for the increase in the relevant investment amount by AOCI given the Revised Cancellation Price (the “**Change**”). It may take one to two months to obtain such approval in relation to the Change. Having obtained such approval forms part of amended Condition (6) as set out above in this section.

All of the Conditions (including the amended Conditions (6) to (10) as set out above in this section) will have to be fulfilled or waived (as applicable) on or before the Long Stop Date, being 13 April 2022 (or such later date as the Offeror, the Company and the Joint Financial Advisers may determine and, to the extent applicable, as the Grand Court on the application of the Company may direct and in all cases, as the Executive may consent), failing which the Improved Proposal and the Scheme will lapse.

SCHEME DOCUMENT

As stated in the joint announcement of the Company and the Offeror dated 30 November 2021, the Executive has granted its consent on 12 November 2021 to extend the latest time for the despatch of the Scheme Document to 25 January 2022. As at the date of this joint announcement, the Offeror and the Company are in the course of finalising the information to be included in the Scheme Document. Each of the Company and the Offeror does not expect the proposed increase in the Cancellation Price to delay the despatch of the Scheme Document.

ADDITIONAL IRREVOCABLE UNDERTAKING

On 31 December 2021, the Offeror received an additional irrevocable undertaking (the “**Additional Irrevocable Undertaking**”) from Mr. David Michael Webb and Preferable Situation Assets Limited, a company incorporated in the British Virgin Islands which is wholly owned by Mr. David Michael Webb (the “**Additional Undertaking Shareholders**”), pursuant to which the Additional Undertaking Shareholders irrevocably undertook to, among other things, exercise, or procure the exercise, of the voting rights attached to the Additional Undertaking Scheme Shares (as defined below) held by the Additional Undertaking Shareholders to vote in favour of any resolution to approve and give effect to the Scheme and any resolution that may impact on the fulfilment of any condition of the Scheme at the Court Meeting and the EGM. As at the date of this joint announcement, the Additional Undertaking Shareholders hold 49,588,000 Shares (the “**Additional Undertaking Scheme Shares**”) in aggregate, representing approximately 6.07% of the issued share capital of the Company and approximately 8.41% of the Scheme Shares, respectively, as at the date of this joint announcement.

Further, the Additional Undertaking Shareholders undertook, including without limitation, not to sell, transfer or otherwise dispose of the Additional Undertaking Scheme Shares other than by means of on-market disposals on the Stock Exchange, provided that the Additional Undertaking Shareholders shall in aggregate hold not less than 47,652,300 Shares following such on-market disposals.

The Additional Irrevocable Undertaking is conditional upon (i) the Cancellation Price being revised to not less than HK\$0.999 per Share; (ii) the Improved Proposal being announced not later than 12 January 2022; and (iii) the Scheme Document being despatched not later than 8 February 2022 or such other date as may be agreed by the Additional Undertaking Shareholders and approved by the SFC. The conditions (i) and (ii) have been fulfilled upon publication of this joint announcement and condition (iii) is expected to be fulfilled upon despatch of the Scheme Document as described under the section headed “Scheme Document” in this joint announcement.

The Additional Irrevocable Undertaking will be terminated if the Improved Proposal lapses.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 3 January 2022 pending the issue of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 5 January 2022.

WARNINGS:

Shareholders and potential investors of the Company should be aware that the implementation of the Improved Proposal is subject to the Conditions being fulfilled or waived (as applicable) and thus the Improved Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By order of the board of
Asia Optical International Ltd.
Asano Yuzo
Director

By order of the board of
Yorkey Optical International (Cayman) Ltd.
Kurihara Toshihiko
Executive Director and Chief Executive Officer

Hong Kong, 4 January 2022

As at the date of this joint announcement, the directors of the Offeror are Mr. Lai I-Jen and Mr. Asano Yuzo, and the directors of AOCI are Mr. Lai I-Jen, Ms. Wu Shu-Ping, Mr. Lin Tai-Lan, Mr. Lin Yu-Liang, Mr. Lu Hui-Ming, Mr. Chung Teng-Ko, and Mr. Jan Chyan-Long.

The directors of the Offeror and the directors of AOCI jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors in their capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint 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 four independent non-executive Directors, namely, Mr. Lin Meng-Tsung, Mr. Liu Wei-Li, Mr. Lin Yi-Min and Mr. Li Ho Man.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror in their capacity as directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

** For identification purposes only*