

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED**

**雅視光學集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1120)**

### **MAJOR TRANSACTION DISPOSAL OF PROPERTY**

#### **INTRODUCTION**

The Board is pleased to announce that on 13 April 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and the Property Agent entered into the Provisional SPA, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property at the consideration of HK\$90,600,000.

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and is required to abstain from voting for the resolution to approve the Disposal, should the Disposal be put forward to the shareholders to approve at a general meeting of the Company. Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained a written approval from the Closely Allied Group who together holds 208,004,347 Shares (representing approximately 53.85% of the issued share capital of the Company as at the date of this announcement), to approve the Disposal.

#### **GENERAL**

A circular containing, amongst others, details of the Disposal and the valuation report of the Property will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 30 April 2022.

\* *For identification purpose only*

## **INTRODUCTION**

The Board is pleased to announce that on 13 April 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and the Property Agent entered into the Provisional SPA, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property at the consideration of HK\$90,600,000.

## **THE PRELIMINARY SALE AND PURCHASE AGREEMENT**

The principal terms of the Provisional SPA are set out below:

### **Date**

13 April 2022

### **Parties**

- (i) the Vendor
- (ii) the Purchaser
- (iii) the Property Agent

### **Subject Matter**

Pursuant to the Provisional SPA, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property, which is located at Unit No. 301, 307 and 308 on 3/F Sunbeam Centre, No. 27 Shing Yip Street, Kowloon, Hong Kong. The Property is a non-residential property and is currently being used as the principal office of the Group in Hong Kong. Pursuant to the Provisional SPA, the Property will be sold on “as is” basis.

### **Consideration and payment terms**

The Consideration is HK\$90,600,000, which shall be payable by the Purchaser to the Vendor in the manners as follows:

- (i) HK\$2,000,000 was paid by the Purchaser to the Vendor upon the signing of the Provisional SPA as initial deposit;
- (ii) a further deposit in the sum of HK\$7,060,000 shall be paid by the Purchaser to the Vendor on or before 4 May 2022 as further deposit; and
- (iii) the remaining balance of HK\$81,540,000 shall be paid by the Purchaser to the Vendor on or before Completion, which is scheduled to take place on or before 29 July 2022.

Pursuant to the Provisional SPA, the Property Agent shall be entitled to receive a commission in the amount equivalent to 1% of the Consideration from the Vendor no later than Completion.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to market value.

### **Formal Agreement**

Pursuant to the Provisional SPA, a formal agreement for the sale and purchase of the Property (the "Formal SPA") will be entered into on or before 4 May 2022.

### **INFORMATION ABOUT THE COMPANY**

The Company is an investment holding company. The activities of its principal subsidiaries, associate and joint venture are the manufacture of, and trading in, prescription frames, sunglasses and optical lens as well as property holding.

### **INFORMATION ABOUT THE PARTIES**

#### **The Vendor**

The Vendor, an indirect wholly-owned subsidiary of the Company, was established in Hong Kong with limited liability. It is principally engaged in the property holding.

#### **The Purchaser**

The Purchaser is a company established in Hong Kong with limited liability.

Based on the annual return of the Purchaser filed on 11 February 2022 which the Company has obtained through a company search, the sole shareholder of the Purchaser is True Beauty Holdings Limited ("True Beauty"). True Beauty is a company incorporated in the British Virgin Islands (the "BVI"). Mr. Yu Li Jih, Edwin (余立智) ("Mr. Edwin Yu") and Mr. Yu Lee Hong, Gerald (余立康) ("Mr. Gerald Yu") are the directors of the Purchaser.

The shareholding information of True Beauty is not available in the public domain. The Company further understands that the register of members of a BVI company can only be obtained with the consent of such BVI company authorising its registered office service provider to disclose it.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the authorised person of the Purchaser for signing the Provisional SPA was Mr. Edwin Yu. Given that the Purchaser, Mr. Edwin Yu and Mr. Gerald Yu remain uncontactable, the Company is not able to conduct searches and/or make enquiry to ascertain if Mr. Edwin Yu and/or Mr. Gerald Yu is the ultimate beneficial owner(s) of the Purchaser. Having made enquiries to the Directors, senior management and the major Shareholders of the Company, the Company is not aware of any evidence that any of the Purchaser, True Beauty, Mr. Edwin Yu nor Mr. Gerald Yu is connected with (as defined under the Listing Rules) and/or has any affiliation with the Company. As such, despite the absence of information revealing the identities of ultimate beneficial owner(s) of the Purchaser, the Company is of the view that the Purchaser is independent of the Company and its connected person(s) (as defined under the Listing Rules).

## **The Property Agent**

The Property Agent is a company incorporated in Hong Kong with limited liability and operates property agencies in Hong Kong.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Property Agent and its ultimate beneficial owners are third parties independent of the Company and their respective connected persons.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Board has been assessing the property market in Hong Kong and reviewing the portfolio of the properties held by the Group. In view of the prospects of the property market and economy in Hong Kong and taking into consideration the current financial position of the Group, the Directors consider that the Disposal represents an opportunity for the Group to realise the appreciated value of the Property to generate additional working capital to the Group and thus enhance the financial position of the Group.

Taking into account of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Provisional SPA are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS**

The net book value of the Property as at the date of the latest audited financial statement, that is, 31 December 2021, amounted to HK\$30,624,054. Upon completion of the Disposal, non-current assets and current liabilities of the Group will be reduced by HK\$30,624,054 and HK\$3,597,406 respectively, current assets of the Group will be increased by HK\$86,096,594, but there will be no effect on non-current liabilities. Based on the Consideration of HK\$90,600,000, the Group is expected to record a book gain on Disposal of approximately HK\$59,975,946 before the deduction of expenses, being the difference between the Consideration and the carrying value of the Property as at 31 December 2021.

Based on the Consideration of HK\$90,600,000 and the associated estimated direct cost of the Disposal of approximately HK\$906,000 and the repayment of mortgage loan of approximately HK\$3,597,406, the Group is expected to receive net proceeds of approximately HK\$86,096,594 from the Disposal. The Group currently intends to use the proceeds as general working capital.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and is required to abstain from voting for the resolution to approve the Disposal, should the Disposal be put forward to the shareholders to approve at a general meeting of the Company. Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained a written approval from the Closely Allied Group who together holds 208,004,347 Shares (representing approximately 53.85% of the issued share capital of the Company as at the date of this announcement), to approve the Disposal. Therefore, no general meeting of the Company will be convened to approve the Disposal. The Closely Allied Group comprises the following Shareholders:

Name of the Shareholders	Number of Shares interested	Percentage of shareholding (approximately)
Ratagan International Company Limited ( <i>Note 1</i> )	153,600,000	39.77%
Wu Zhihong ( <i>Note 2</i> )	19,656,000	5.09%
Ng Hoi Ying, Michael	2,856,000	0.74%
Ng Kim Ying ( <i>Note 3</i> )	23,126,347	5.99%
Mao Xiaobing ( <i>Note 3</i> )	5,000,000	1.29%
Ng Yat Shan ( <i>Note 4</i> )	3,766,000	0.97%

*Notes:*

1. The entire issued share capital of Ratagan International Company Limited was held by Maritime Overseas Assets Limited which was wholly-owned by HSBC International Trustee Limited as trustee of The Arts 2007 Trust, a discretionary trust, the settlor of which is Mr. Ng Hoi Ying, Michael and the beneficiaries of which included Mr. Ng Hoi Ying, Michael.
2. Ms. Wu Zhihong is the spouse of Mr. Ng Hoi Ying, Michael.
3. Mr. Ng Kim Ying is the brother of Mr. Ng Hoi Ying, Michael and an executive Director of the Company. Ms. Mao Xiaobing is the spouse of Mr. Ng Kim Ying.
4. Ms. Ng Yat Shan is the daughter of Mr. Ng Hoi Ying, Michael and the chief executive officer of the Company.

## GENERAL

A circular containing, amongst others, details of the Disposal and the valuation report of the Property will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 30 April 2022.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“Board”	the board of Directors of the Company
“Closely Allied Group”	a closely allied group of the Shareholders comprising Ratagan International Company Limited, Ms. Wu Zhihong, Mr. Ng Hoi Ying, Michael, Mr. Ng Kim Ying, Ms. Mao Xiaobing and Ms. Ng Yat Shan who together held 208,004,347 Shares (representing approximately 53.85% of the issued share capital of the Company) as at the date of this announcement
“Company”	Arts Optical International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1120)
“Completion”	The completion of the Disposal pursuant to the terms of the Provisional SPA and the Formal SPA
“Consideration”	the total consideration of HK\$90,600,000
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the property located at Unit No. 301, 307 and 308 on 3/F Sunbeam Centre, No. 27 Shing Yip Street, Kowloon, Hong Kong
“Property Agent”	Centaline Property Agency Limited, a company established in Hong Kong with limited liability

“Provisional SPA”	the preliminary sale and purchase agreement dated 13 April 2022 entered into amongst the Vendor, the Purchaser and the Property Agent in relation to the sale and purchase of the Property
“Purchaser”	Jointwill Corporation Limited, a company established in Hong Kong with limited liability
“Shareholder(s)”	the registered holder(s) of the issued ordinary share(s) in the Company
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Sin Dak Industrial Limited, a company established in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

By Order of the Board  
**Arts Optical International Holdings Limited**  
**Ng Hoi Ying, Michael**  
*Chairman*

Hong Kong, 13 April 2022

*As at the date of this announcement, the Board comprises five directors, two of whom are executive Directors, namely Mr. Ng Hoi Ying, Michael and Mr. Ng Kim Ying, and three are independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Chung Hil Lan Eric and Mr. Lam Yu Lung.*