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ELEGANCE OPTICAL INTERNATIONAL HOLDINGS LIMITED

高雅光學國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 907)

CONNECTED TRANSACTION DISPOSAL OF PROPERTY

DISPOSAL OF THE PROPERTY

The Board announces that on 30 December 2021 (after trading hours), the Vendor, being a wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has agreed to dispose of and the Purchaser has agreed to purchase the Property at the Consideration of HK\$15.85 million.

As at the date of this announcement, the ultimate beneficial owner of the Purchaser is the daughter of Mr. Hui who is the director of certain subsidiaries of the Company. Therefore, the Purchaser is a connected person of the Company at the subsidiary level and hence the Disposal constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal is less than 5%, the Disposal is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

LEASING OF PROPERTY FOLLOWING THE DISPOSAL

Upon completion of the Disposal, the Group intends to enter into the Tenancy Agreement to lease the Property from the Purchaser at a monthly rental amount of HK\$40,000 for a term of 1 year.

Given that (i) the Purchaser is a connected person of the Company at the subsidiary level; (ii) the Tenancy Agreement will be conducted on normal commercial terms; and (iii) the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Tenancy Agreement is less than 1%, the transaction contemplated under Tenancy Agreement will constitute a *de minimis* continuing connected transaction for the Company and is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

INTRODUCTION

The Board announces that on 30 December 2021 (after trading hours), the Vendor, being a wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has agreed to dispose of and the Purchaser has agreed to purchase the Property at the consideration of HK\$15.85 million.

THE PROVISIONAL SALE AND PURCHASE AGREEMENT

Vendor: Elegance Optical Investments

Purchaser: Power Zone Development

Assets to be disposed

Pursuant to the Provisional Sale and Purchase Agreement, the Vendor has agreed to dispose of the Property and the Purchaser has agreed to purchase the Property. The Property is used as the office premises of the Group as at the date of this announcement.

Consideration

The Consideration is HK\$15.85 million, which shall be paid by the Purchaser to the Vendor in the following manner:

- (a) HK\$500,000 shall be paid upon signing of the Provisional Sale and Purchase Agreement as deposit; and
- (b) The remaining balance of HK\$15,350,000 shall be paid on completion of the Disposal.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the appraised value of the Property as stated in the valuation report issued by an Independent Third Party.

Completion

Completion of the Disposal shall take place on or before 20 January 2022.

TENANCY AGREEMENT

Upon completion of the Disposal, the Group and the Purchaser will enter into a Tenancy Agreement, whereby the Group will lease back the Property for the Group's use for a term of one year commencing from the date of completion of the Disposal. The monthly rent payable by the Group will be HK\$40,000 during the term of the Tenancy Agreement. The Property will continue to serve as the Group's office premises.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The carrying value of the Property in the audited consolidated accounts of the Company as at 31 March 2021 was HK\$15.85 million. Based on the Consideration, the Group expects there will not be any gain or loss of the Disposal. The actual financial effect in connection with the Disposal will be assessed after the Completion and is subject to review and final audit by the Company's auditors.

It is estimated that the net proceeds from the Disposal would be approximately HK\$15.8 million. The Company intends to use the net proceeds from the Disposal as general working capital of the Group.

REASONS FOR THE DISPOSAL

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and trading of optical frames and sunglasses, property investment, investment in debts and securities, film investment and distribution business and energy business. The Purchaser is principally engaged in investment holdings.

Taking into account of the current financial position and business operation of the Group, the Directors believe that the Disposal represents a good opportunity for the Company to realise the value of the Property at a reasonable price and the proceeds from the Disposal will improve the financial position and increase the general working capital of the Group.

The Tenancy Agreement allows the Group to continue to use the Property as its office and hence avoids any costs and expenses in relocating to a new office.

The Directors (including the independent non-executive Directors) considers that the terms and conditions for the Disposal and the Tenancy Agreement are on normal commercial terms, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the ultimate beneficial owner of the Purchaser is the daughter of Mr. Hui who is the director of certain subsidiaries of the Company. Therefore, the Purchaser is a connected person of the Company at the subsidiary level and hence the Disposal constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. None of the Directors attending the Board meeting has a material interest in or is required to abstain from voting on the Disposal.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal is less than 5%, the Disposal is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

Given that (i) the Purchaser is a connected person of the Company at the subsidiary level; (ii) the Tenancy Agreement will be conducted on normal commercial terms; and (iii) the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Tenancy Agreement is less than 1%, the transaction contemplated under Tenancy Agreement will constitute a *de minimis* continuing connected transaction for the Company and is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A.76(1) of the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“Board”	the board of directors of the Company
“Company”	Elegance Optical International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Provisional Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration of HK\$15.85 million, being the total consideration payable by the Purchaser to the Vendor for the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property by the Vendor pursuant to the Provisional Sale and Purchase Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hui”	Mr. Hui Leung Wai, director of certain subsidiaries of the Company
“Property”	B2, 8/F, Block B, Mai Hing Industrial Building, 16-18 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong

“Provisional Sale and Purchase Agreement”	the provisional sale and purchase agreement dated 30 December 2021 entered into between the Vendor and the Purchaser relating to the sale and purchase of the Property
“Purchaser” or “Power Zone Development”	Power Zone Development Limited, a company incorporated in Hong Kong with limited liability whose ultimate beneficial owner is Ms. Hui Wing Ka
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement to be entered into between the Group and the Purchaser in relation to the leasing of the Property for a term of one (1) year upon completion of the Disposal
“Vendor” or “Elegance Optical Investment”	Elegance Optical Investments Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
Elegance Optical International Holdings Limited
Wong Chong Fai
Executive Director

Hong Kong, 30 December 2021

As at the date of this announcement, the executive Directors are Mr. Yu Baodong, Mr. Chung Yuk Lun and Mr. Wong Chong Fai; and the independent non-executive Directors are Mr. Man Wai Lun, Mr. Cheng Chun Man and Mr. Hui Man Ho, Ivan.