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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 SALE AND LEASEBACK OF PROPERTY

DISPOSAL OF THE PROPERTY

The Board announces that on 9 September 2020 (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 approximately HK\$16 million.

As at the date of this announcement, the ultimate beneficial owner of the Purchaser is the daughter of Mr. Hui who is a director of certain subsidiaries of the Company. Accordingly, the Purchaser is a connected person at subsidiary level of the Company and hence the Disposal constitutes 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 exceeds 1% but is less than 5%, the Disposal is subject to announcement and reporting requirements but exempt from the independent shareholders' approval requirement under Chapter 14A 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 back the Property from the Purchaser at a monthly rental of HK\$45,000 for a term of one (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) all applicable percentage ratios (as defined in the Listing Rules) in respect of the Tenancy Agreement are less than 1% for the Company, the transactions contemplated under the Tenancy Agreement constitute a *de minimis* continuing connected transaction for the Company and exempt from the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A.76(1) of the Listing Rules.

INTRODUCTION

The Board announces that on 9 September 2020 (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 approximately HK\$16 million.

THE PROVISIONAL SALE AND PURCHASE AGREEMENT

Vendor: Elegance Optical Investments Limited, a company incorporated in Hong Kong with limited ability and a wholly-owned subsidiary of the Company

Purchaser: Power Keen (Hong Kong) Limited

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 approximately HK\$16 million, which shall be paid by the Purchaser to the Vendor in the following manner:

- (a) HK\$600,000 shall be paid upon signing of the Provisional Sale and Purchase Agreement as initial deposit;
- (b) HK\$1,000,000 shall be paid on or before 16 September 2020 as further deposit; and
- (c) the remaining balance of approximately HK\$14.4 million shall be paid upon 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 at HK\$16 million as stated in the valuation report issued by an Independent Third Party.

Formal agreement

Pursuant to the Provisional Sale and Purchase Agreement, a formal agreement for sale and purchase of the Property will be signed by the Vendor and the Purchaser on or before 15 November 2020.

Completion

Completion of the Disposal shall take place on or before 15 November 2020.

TENANCY AGREEMENT

Upon completion of the Disposal, the Group and the Purchaser will enter into the Tenancy Agreement, whereby the Group will lease back the Property for the Group's use for a term of one (1) year commencing from the date of completion of the Disposal. The monthly rent payable by the Group will be HK\$45,000 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 2020 was HK\$16 million. Based on the Consideration of HK\$16 million, the Group expects there will not be any gain or loss arising from the Disposal. However, the actual gain or loss from the Disposal might be different.

It is estimated that the net proceeds from the Disposal would be approximately HK\$15 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 and film distribution business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the principal business of the Purchaser is investment holding.

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 thus avoids any costs and expenses in relocating to a new office.

The Directors (including the independent non-executive Directors) consider 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 a director of certain subsidiaries of the Company. Accordingly, the Purchaser is a connected person at subsidiary level of the Company and hence the Disposal constitutes 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 exceeds 1% but is less than 5%, the Disposal is subject to announcement and reporting requirements but exempt from the independent shareholders' approval requirement under Chapter 14A 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) all applicable percentage ratios (as defined in the Listing Rules) in respect of the Tenancy Agreement are less than 1% for the Company, the transactions contemplated under the Tenancy Agreement constitute a *de minimis* continuing connected transaction for the Company and exempt from the announcement, reporting, annual review 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 formal agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	HK\$16 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 party(ies) 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 Wah, the director of certain subsidiaries of the Company
“Property”	B4, 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 9 September 2020 entered into between the Vendor and the Purchaser relating to the sale and purchase of the Property
“Purchaser”	Power Keen (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability whose ultimate beneficial owner is Ms. Hui Sze Man
“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 commencing from the date of completion of the Disposal
“Vendor”	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
Chung Yuk Lun
Executive Director and Company Secretary

Hong Kong, 9 September 2020

As at the date of this announcement, the executive Directors are Mr. Chung Yuk Lun and Mr. Chan Chung Yin, Victor and the independent non-executive Directors are Mr. Man Wai Lun, Mr. Cheng Chun Man and Mr. Hui Man Ho, Ivan.