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ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED

雅視光學集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 1120)

**CONNECTED TRANSACTION
EQUITY TRANSFER AGREEMENT IN RELATION TO THE
ACQUISITION OF 10% EQUITY INTEREST IN THE
TARGET COMPANY**

INTRODUCTION

Reference is made to the announcement of the Company dated 24 March 2021 in relation to the acquisition by the Purchaser of 55% equity interest in the Target Company (the “**2021 Announcement**”).

The Board is pleased to announce that on 10 June 2025 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to sell, an aggregate of 10% equity interest in the Target Company (the “**Sale Interests**”) at the total consideration of RMB11,200,000 (equivalent to approximately HK\$12,208,000).

After Completion, the Purchaser will have an aggregate interest in 65% of the equity interest in the Target Company and the Vendor will have an interest in 35% of the equity interest in the Target Company.

* *For identification purpose only*

LISTING RULES IMPLICATIONS

As the Target Company is a subsidiary of the Company and the Vendor holds 45% equity interest in the Target Company, the Vendor is a connected person of the Company. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

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The Board is pleased to announce that on 10 June 2025 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to sell, an aggregate of 10% equity interest in the Target Company at the total consideration of RMB11,200,000 (equivalent to approximately HK\$12,208,000).

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THE EQUITY TRANSFER AGREEMENT

Date: 10 June 2025

Parties:

- (i) Purchaser: Arts Opti Lab (Shenzhen) Company Limited[^] (雅視光學科技 (深圳) 有限公司), an indirect wholly-owned subsidiary of the Company
- (ii) Vendor: Zhenjiang Changfan Optical Glasses Company Limited[^] (鎮江長帆光學眼鏡有限責任公司)

The Consideration and the Payment Terms

The total consideration for the Acquisition (the “**Total Consideration**”) is RMB11,200,000 (equivalent to approximately HK\$12,208,000), which shall be paid in the following manner:

- (i) a payment (the “**First Payment**”) of RMB2,240,000 (equivalent to approximately HK\$2,441,600), representing 20% of the Total Consideration, shall be paid by the Purchaser to the Vendor within seven (7) days of the date of the Equity Transfer Agreement;

- (ii) a further payment (the “**Second Payment**”) of RMB3,360,000 (equivalent to approximately HK\$3,662,400), representing 30% of the Total Consideration, shall be paid by the Purchaser to the Vendor within twenty-one (21) days of completion of the registration of the change of shareholder of the Target Company in respect of the Sale Interests; and
- (iii) the final payment of RMB5,600,000 (equivalent to approximately HK\$6,104,000), representing 50% of the Total Consideration, shall be paid by the Purchaser to the Vendor within ninety (90) days of the payment of the Second Payment as described above.

The Total Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among other things, (i) healthy growth of the Target Company’s volume and operating profit; and (ii) other reasons and benefits of as the Acquisition set out under the paragraph headed “Reasons for and benefits of the Acquisition” below. The Total Consideration will be funded through bank borrowings in the PRC and/or internal resources of the Group.

Completion

The Vendor has agreed that within five (5) days after payment of the First Payment, the Vendor shall cooperate with the Purchaser to complete the relevant transfer and business registrations reflecting the Acquisition.

After Completion, the Purchaser will have an aggregate interest in 65% of the equity interest in the Target Company and the Vendor will have an interest in 35% of the equity interest in the Target Company.

INFORMATION ABOUT THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

The Purchaser

The Purchaser is a company established in the PRC with limited liability and is principally engaged in the design, manufacture and sale of optical frames. It is an indirect wholly-owned subsidiary of the Company.

The Company

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company operating its business through its principal subsidiaries, associates and joint ventures. The Group is principally engaged in the manufacture of, and trading in, prescription frames, sunglasses and optical lens as well as property holding.

The Vendor

The Vendor is a company incorporated in the PRC with limited liability. After completion of the transaction described in the 2021 Announcement, the Sellers (as defined in the 2021 Announcement) restructured their remaining 45% equity interest in the Target Company such that the Vendor became the direct holder of such equity interest.

The Vendor is an investment holding company, and its primary investment is its equity interest in the Target Company. The Vendor is owned as to 67% equity interest by Seller A and as to 33% equity interest by Seller B. Seller A is wholly-owned by Ma Xidi (馬夕娣), and Seller B is owned as to 99.9% equity interest by Yuan Jianwei (袁建偉) and as to 0.1% equity interest by Ma Xidi (馬夕娣). Seller A and Seller B are investment holding companies.

The Vendor has registered capital of RMB25,000,000 (equivalent to approximately HK\$27,250,000), representing its cost of acquiring its 45% equity interest in the Target Company, including the Sale Interests.

The Target Company

The Target Company is a company established in the PRC with limited liability. The Target Company is principally engaged in the design, manufacture, and sales of optical lens.

Based on the audited accounts of the Target Company prepared in accordance with the PRC Generally Accepted Accounting Principles for the two years ended 31 December 2023 and 2024, the financial information of the Target Company was as follows:

	For the year ended 31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation	9,345	13,833
Net profit after taxation	9,345	13,833

The audited net assets of the Target Company as of 31 December 2024 were approximately RMB86,351,000 (equivalent to approximately HK\$94,122,590).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is a world leader in design, manufacture and distribution of various types of optical frames and lens. It is the Company's long term corporate strategies to diversify from heavy reliance on optical frames sales to ODM customers into others business divisions. The increased focus on lens division is a deliberate step to execute our broader strategy of reducing dependence on frame business and the lens division presents an attractive margin enhancement opportunity to our overall business mix.

Taking into account the Total Consideration and the reasons for and benefits of the Acquisition as described above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, entered into in the ordinary and usual course of business of the Group and are in the interests of the Company and its shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors had any material interest in the Acquisition or the Equity Transfer Agreement. Accordingly, none of them abstained from voting on the Board resolution to approve the Acquisition and the Equity Transfer Agreement.

LISTING RULES IMPLICATIONS

As the Target Company is a subsidiary of the Company and the Vendor holds 45% equity interest in the Target Company, the Vendor is a connected person of the Company.

The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of 10% equity interest in the Target Company by the Purchaser from the Vendor pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“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”	completion of the Acquisition
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 10 June 2025 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Purchaser”	Arts Opti Lab (Shenzhen) Company Limited^ (雅視光學科技（深圳）有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company and whose former Chinese name is 雅視司徠柏光學科技（深圳）有限公司
“RMB”	Renminbi, the lawful currency of the PRC
“Seller A”	Danyang Zhongjiang Glasses Company Limited^ (丹陽市中江光學眼鏡有限公司), a company established in the PRC with limited liability, one of the registered shareholders of the Vendor
“Seller B”	Danyang Zhongyang Glasses Company Limited^ (丹陽中洋光學眼鏡有限公司), a company established in the PRC with limited liability, one of the registered shareholders of the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Stepper & Colors Opti Technology (Jiangsu) Company Limited^ (五彩司徠柏光學科技（江蘇）有限公司), a company established in the PRC with limited liability

“Vendor” Zhenjiang Changfan Optical Glasses Company Limited[^]
(鎮江長帆光學眼鏡有限責任公司), a company
established in the PRC and owned by Seller A and
Seller B

“%” per cent

In this announcement, unless otherwise stated, amounts denominated in RMB are translated, for the purpose of illustration only, into HK\$ at the exchange rate of HK\$1.09 to RMB1.

[^] *The English translation of the Chinese name of the relevant entity included in this announcement is for identification and reference only, and such translation may not be accurate and such entity may not have an official English translation/version of its Chinese name.*

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

Hong Kong, 10 June 2025

As at the date of this announcement, the Board comprises eight Directors, four of whom are executive Directors, namely, Mr. Ng Hoi Ying, Michael, Ms. Ng Yat Shan, Mr. Ng Kim Ying and Ms. Wu Zhihong, and four are independent non-executive Directors, namely, Mr. Wong Chi Wai, Mr. Chung Hil Lan Eric, Mr. Lam Yu Lung, and Dr. Fong Kin Kiu.