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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)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES
HELD ON THE RECORD DATE**

Financial adviser to the Company



英皇融資有限公司
Emperor Capital Limited

Underwriter of the Rights Issue



英皇證券(香港)有限公司
Emperor Securities Limited

PROPOSED RIGHTS ISSUE

The Board proposes to implement the Rights Issue on the basis of one Rights Share for every two existing Shares held on the Record Date at the Subscription Price of HK\$0.14 per Rights Share, to raise gross proceeds of approximately HK\$28.3 million (assuming no further issue or repurchase of Shares on or before the Record Date) before expenses, by way of the Rights Issue of 202,184,561 Rights Shares to the Qualifying Shareholders.

The Company will provisionally allot to the Qualifying Shareholders one Rights Share in nil-paid form for every two existing Shares in issue and held on the Record Date. The Rights Issue will not be available to the Non-Qualifying Shareholders.

The estimated net proceeds from the Rights Issue after deducting all necessary expenses are estimated to be approximately HK\$26.3 million (assuming no further issue or repurchase of Shares on or before the Record Date), which are intended to be applied for repayment of the Group's indebtedness and interest expenses and general working capital of the Group.

UNDERWRITING AGREEMENT

On Monday, 23 December 2019 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and respective arrangements in respect of the Rights Issue.

Pursuant to the Underwriting Agreement, the Underwritten Shares were fully underwritten by the Underwriter on the terms and subject to the conditions set out therein.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional, among other matters, upon fulfillment of the conditions set out under the sub-section headed "Conditions of the Rights Issue" in the section headed "PROPOSED RIGHTS ISSUE" of this announcement. In particular, the Rights Issue is subject to the Underwriter not terminating or rescinding the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled (and the date of the Underwriter's right of termination or rescission of the Underwriting Agreement ceases) will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and/or nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisers.

TRADING ARRANGEMENTS

According to the expected timetable, the last day of dealing in the Shares on a cum-rights basis is Monday, 13 January 2020 and the Shares will be dealt in on an ex-rights basis from Tuesday, 14 January 2020. The Rights Shares are expected to be dealt in their nil-paid form from Wednesday, 29 January 2020 to Wednesday, 5 February 2020 (both dates inclusive). To qualify for the Rights Issue, any transfer of the Shares (together with the relevant share certificates) must be lodged for registration with the Registrar, by 4:30 p.m. on Wednesday, 15 January 2020.

The Latest Time for Acceptance is expected to be at 4:00 p.m. on Monday, 10 February 2020. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

LISTING RULES IMPLICATIONS

As the proposed Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders in a general meeting under the Listing Rules.

GENERAL

The Prospectus Documents containing, among other things, the Prospectus setting out details of the Rights Issue, the PAL and the EAF will be despatched to the Qualifying Shareholders on Thursday, 23 January 2020. A copy of the Prospectus will also be made available on the websites of the Company (<http://www.irasia.com/listco/hk/eleganceoptical>) and the Stock Exchange (www.hkexnews.hk). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but will not send any PAL or EAF to them.

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of approximately HK\$28.3 million (assuming no further issue or repurchase of Shares on or before the Record Date) before expenses, by way of the Rights Issue of 202,184,561 Rights Shares to the Qualifying Shareholders at the Subscription Price of HK\$0.14 per Rights Share.

Issue statistics

Basis of the Rights Issue : One (1) Rights Share for every two (2) existing Shares held on the Record Date

Subscription Price : HK\$0.14 per Rights Share

Number of Shares in issue as at the date of this announcement	:	404,369,123 Shares
Number of Rights Shares	:	202,184,561 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date)
Aggregate nominal value of the Rights Shares to be issued	:	HK\$20,218,456.1 (assuming no further issue or repurchase of Shares on or before the Record Date)
Number of Shares in issue upon completion of the Rights Issue	:	606,553,684 Shares (assuming no further issue or repurchase of Shares on or before the date of completion of the Rights Issue)
Amount to be raised	:	gross proceeds of approximately HK\$28.3 million (assuming no further issue or repurchase of Shares on or before the Record Date) before expenses

The Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares as at the date of this announcement.

Assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue, the aggregate number of Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represents approximately 50% of the Company's issued share capital as at the Record Date and approximately 33.33% of the Company's issued share capital as enlarged by the Rights Issue. The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of such rights issue, open offers and/or specific mandate placings within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

Undertakings

The Company has not received any information or irrevocable undertaking from any substantial Shareholder of their intention in relation to the Rights Shares to be provisionally allotted to them under the Rights Issue as at the date of this announcement.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by 4:30 p.m. on Wednesday, 15 January 2020. It is expected that the last day of dealing in the Shares on a cum-rights basis is Monday, 13 January 2020 and the Shares will be dealt in on an ex-rights basis from Tuesday, 14 January 2020.

The Company will send the Prospectus Documents, including the Prospectus, the PAL and the EAF, to the Qualifying Shareholders on Thursday, 23 January 2020. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send the Prospectus to the Non-Qualifying Shareholders (if any) for their information only on Thursday, 23 January 2020.

Overseas Shareholders and Non-Qualifying Shareholders

Overseas Shareholders on the Record Date may not be eligible to take part in the Rights Issue as explained below.

The Prospectus will not be registered or filed under the securities legislation of any jurisdiction other than Hong Kong.

The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders (if any). If based on legal opinions provided by the legal adviser(s) to the Company, the Directors consider that it is necessary or expedient on account either of the legal restrictions under the laws of the relevant place of registered address or the requirements of the relevant overseas regulatory body or stock exchange in that place not to offer the Rights Shares to such Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. If any Overseas Shareholders are excluded from the Rights Issue, subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to such Non-Qualifying Shareholders for their information only, but will not send any PALs or EAFs to them. The results of the enquiries and the basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue, will be set out in the Prospectus to be issued.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day of dealing in the

nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The net proceeds of such sale, less expenses, will be paid pro rata to the Non-Qualifying Shareholders in Hong Kong dollars as soon as practicable except that the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders will be made available for excess application on EAFs by the Qualifying Shareholders.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution and consult their professional advisers when dealing in the Shares.

Closure of register of members

The register of members of the Company will be closed from Thursday, 16 January 2020 2019 to Wednesday, 22 January 2020 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Subscription Price

The Subscription Price is HK\$0.14 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 21.79% to the closing price of HK\$0.179 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 15.66% to the theoretical ex-rights price of HK\$0.166 per Share based on the closing price of HK\$0.179 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 21.44% to the average closing price of HK\$0.1782 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of approximately 22.44% to the average closing price of HK\$0.1805 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined by the Directors and the Underwriter with reference to prevailing Share price and the market environment. After taking into consideration the reasons for the Rights Issue as stated in the section headed “INFORMATION ON THE GROUP, REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS” below, the Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net subscription price per Rights Share will be approximately HK\$0.13.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder’s provisional allotment shall be made by completing a PAL and lodging the same with remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the then existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of issue of the Rights Shares in their fully-paid form.

Fractional entitlements

The entitlements of Qualifying Shareholders will be rounded down to the nearest whole number and fractional entitlements to Rights Shares will not be provisionally allotted to the Shareholders. The nil-paid Rights Shares representing the aggregate of all the fractions of Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to a nominee or nominees appointed by the Company and, if a premium (net of expenses) can be obtained, will be sold by the nominee or nominees on the Company’s behalf in the market as soon as practicable after the commencement of dealing in the nil-paid Rights Shares and the net proceeds of such sale will be retained by the Company for its own benefit. Any Rights Shares in respect of the unsold fractional entitlements will first be made available for valid excess applications by the Qualifying Shareholders and the balance (if any) will be underwritten by the Underwriter. No odd lot matching services will be provided.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for:

- (i) any unsold entitlements to the Rights Shares of the Non-Qualifying Shareholders;
- (ii) any unsold Rights Shares created by adding together fractions of the Rights Shares; and
- (iii) any nil-paid Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

Applications for excess Rights Shares can be made only by Qualifying Shareholders and only by completing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares (if any) at their discretion on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application. No reference will be made to the Rights Shares subscribed through applications by a PAL or the existing number of Shares held by Qualifying Shareholders. No preference will be given to top up odd lots to whole board lots.

Shareholders with their Shares held by a nominee (or which are held in CCASS) should note that the Board will regard the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name(s) of the beneficial owner(s) prior to the Latest Lodging Date.

Shareholders whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Wednesday, 15 January 2020.

Share certificates and refund cheques for the Rights Shares

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at Shareholders' own risk on or before Tuesday, 18 February 2020. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted by ordinary post at Shareholders' own risk on or before Tuesday, 18 February 2020.

Each Shareholder (except HKSCC Nominees Limited) will receive one share certificate for all allotted Rights Shares.

Application for listing and dealing arrangements

The Company will make an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms. No part of the securities of the Company is listed or dealt in or for which listing or permission to deal is being or is proposed to be sought on any other stock exchange (other than the Stock Exchange). The nil-paid Rights Shares shall have the same board lot size as the Shares (i.e. 2,000 Shares in one board lot).

Dealings in the Rights Shares in their nil-paid and fully paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Conditions of the Rights Issue

The Rights Issue is conditional on each of the following conditions being fulfilled:

- (i) the passing of all necessary resolution(s) by the Board to approve the Rights Issue;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their attorneys or agents duly authorised in writing) in accordance with section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as having been approved by resolutions of the Directors (and all other documents required to be attached

thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;

- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purpose only, on or before the Prospectus Posting Date;
- (iv) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and the permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of dealings in the nil-paid Rights Shares (or such other date as may be agreed between the Company and the Underwriter in writing), and such listing and permission not being withdrawn or revoked prior to the Latest Time for Termination;
- (v) each condition to enable the Rights Shares (in their nil-paid and fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS (other than the listing approval) having been satisfied not later than the Business Day prior to the first day of dealings in the nil-paid Rights Shares as set out in the Prospectus and no notification having been received by the Company from HKSCC by such date that such admission or facility for holding and settlement has been or is to be refused;
- (vi) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the current listing of the Shares not having been withdrawn and no indication being received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (vii) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof prior to the Latest Time for Termination;
- (viii) the compliance with and performance by the Company of all the undertakings and obligations under the terms of the Underwriting Agreement by the times specified;
- (ix) all relevant approvals having been obtained from all relevant governmental authorities (where applicable) as the case may require in connection with the Rights Issue by the relevant time that such consent and approval is required and such approvals not being withdrawn or revoked prior to the Latest Time for Termination;

and conditions as set out in (i), (ii), (iii), (iv), (v), (vi), (vii) and (ix) (where applicable) are incapable of being waived. In the event of the said conditions not being fulfilled or waived on or before the respective dates aforesaid, being no later than Thursday, 13 February 2020, or such later date or dates as may be agreed between the Company and the Underwriter in writing, the Underwriting Agreement may be rescinded by the Underwriter, in which case the termination provisions of the Underwriting Agreement shall apply.

THE UNDERWRITING AGREEMENT

On Monday, 23 December 2019 (after the trading hours of the Stock Exchange), the Company and the Underwriter entered into the Underwriting Agreement in respect of the underwriting arrangement for the Rights Issue. The principal terms of the Underwriting Agreement are as follows:

Date : 23 December 2019

Underwriter : Emperor Securities

The Underwriter is a licensed corporation to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities.

As at the date of this announcement, the Underwriter did not hold any Shares. The Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, third parties independent of and not connected with the Company and its connected persons.

Total number of Rights Shares underwritten by the Underwriter : 202,184,561 Rights Shares (assuming no Shares will be issued or repurchased by the Company on or before the Record Date)

Commission : The Underwriter shall receive 4.0% of the total Subscription Price of the Underwritten Shares

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to the financial position of the Group, the size of the Rights Issue, the current and expected market condition and the prevailing market commission rate. The Directors consider that the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Underwriter) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter has agreed to subscribe or procure the subscription for all Underwritten Shares that are not otherwise taken up.

Termination and Force Majeure of the Underwriting Agreement

If prior to the Latest Time for Termination:

- (A) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the warranties or undertakings in the Underwriting Agreement was untrue, inaccurate, misleading or breached, or there is any matter which would reasonably be expected to give rise to a material breach or claim, and in each case the same is (in the absolute opinion of the Underwriter) material in the context of the Rights Issue; or
- (B) there shall be:
 - (i) any introduction of any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any event, series of events or circumstances resulting in or likely to result in (whether or not foreseeable) any change in (whether or not permanent) local, national or international, financial, political, military, industrial, economic, legal, fiscal, taxation, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in the PRC, Hong Kong and the Bermuda which develop, occur, happen, come into effect, exist or come to the knowledge of the Underwriter;
 - (iii) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, any local, national or international event or change of a political, military, financial, economic or other nature, any local, national or international outbreak or escalation of hostilities or armed conflict affecting local securities markets, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in the PRC, Hong Kong and Bermuda;
 - (iv) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs;

- (v) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurred after the signing of the Underwriting Agreement;
- (vi) any adverse change in the circumstances of the Company or any member of the Group;
- (vii) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange occurs due to exceptional financial circumstances or otherwise;
- (viii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than seven consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements in connection with the Rights Issue or for such events as required under the Listing Rules not caused by any default or breach of the Listing Rules by the Company;
- (ix) the occurrence of any Specified Event which is incapable of being waived by the Underwriter, or
- (x) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere,

which is or are, in the sole and absolute opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue;

then the Underwriter may, by notice in writing given to the Company on or before the Latest Time for Termination, rescind the Underwriting Agreement and the Rights Issue shall not proceed.

Upon termination pursuant to the terms of the Underwriting Agreement, all obligations of the Underwriter thereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save for any antecedent breaches thereof) and the Company shall not be liable to pay any underwriting commission.

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

Set out below is the expected timetable of the implementation of the Rights Issue:

Last day of dealing in the Shares on cum-rights basisMonday, 13 January 2020

First day of dealings in the Shares on ex-rights basisTuesday, 14 January 2020

Latest time for lodging transfer of the Shares in order to
be qualified for the Rights Issue4:30 p.m. on
Wednesday, 15 January 2020

Register of members of the Company closes for
determining entitlements under the Rights Issue
(both dates inclusive)Thursday, 16 January 2020 to
Wednesday, 22 January 2020

Record Date for the Rights IssueWednesday, 22 January 2020

Despatch of the Prospectus Documents (including
the provisional allotment letters and excess
application forms)Thursday, 23 January 2020

First day of dealings in nil-paid Rights Shares9:00 a.m. on
Wednesday, 29 January 2020

Latest time for splitting of provisional allotment letters4:30 p.m. on
Friday, 31 January 2020

Latest time of dealings in nil-paid Rights Shares4:10 p.m. on
Wednesday, 5 February 2020

Latest time for acceptance of, and payment for,
the Rights Shares and application for excess
Rights Shares4:00 p.m. on
Monday, 10 February 2020

Latest time for termination of the Underwriting
Agreement4:00 p.m. on
Thursday, 13 February 2020

Announcement of the allotment results of the
Rights IssueMonday, 17 February 2020

Despatch of refund cheques for wholly or partially
unsuccessful applications for excess Rights Shares
on or beforeTuesday, 18 February 2020

Despatch of certificates for the fully-paid Rights Shares
on or before Tuesday, 18 February 2020

Commencement of dealings in the fully-paid
Rights Shares 9:00 a.m. on
Wednesday, 19 February 2020

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if:

1. typhoon signal No. 8 (or above);
2. “extreme conditions” caused by super typhoons; or
3. a “black” rainstorm warning
 - (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
 - (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the currently scheduled date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares from the date of this announcement up to and including the Record Date, the table below sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue:

Shareholders	As at the date of this announcement		Immediately after completion of the Rights Issue			
			Assuming all Shareholders have taken up the Rights Shares		Assuming no Shareholder takes up the Rights Shares and the Underwriter fully takes up all the Underwritten Shares	
	<i>No. of</i>		<i>No. of</i>		<i>No. of</i>	
	<i>Approximate</i>	<i>Approximate</i>	<i>Approximate</i>	<i>Approximate</i>	<i>Approximate</i>	<i>Approximate</i>
<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	
	<i>(Note 1)</i>		<i>(Note 1)</i>		<i>(Note 1)</i>	
Osman Bin Kitchell	70,662,000	17.47%	105,993,000	17.47%	70,662,000	11.65%
Wong Hoi Fung	<u>49,020,000</u>	<u>12.12%</u>	<u>73,530,000</u>	<u>12.12%</u>	<u>49,020,000</u>	<u>8.08%</u>
Subtotal	119,682,000	29.60%	179,523,000	29.60%	119,682,000	19.73%
Public Shareholders						
<i>Underwriter, sub-underwriter(s) and/or subscriber(s) procure by it (Note 2)</i>	—	—	—	—	202,184,561	33.33%
Other Public Shareholders	<u>284,687,123</u>	<u>70.40%</u>	<u>427,030,684</u>	<u>70.40%</u>	<u>284,687,123</u>	<u>46.94%</u>
TOTAL	<u><u>404,369,123</u></u>	<u><u>100.00%</u></u>	<u><u>606,553,684</u></u>	<u><u>100.00%</u></u>	<u><u>606,553,684</u></u>	<u><u>100.00%</u></u>

Notes:

- The percentages may not add up to subtotal or total due to rounding.
- In circumstances where the Rights Issue were to become unconditional and Emperor Securities was obliged to take up all its commitment to the relevant number of Underwritten Shares in accordance with the Underwriting Agreement, its underwriting commitment would extend to a stake of approximately 33.33% in the share capital of the Company as enlarged by the issue of the Rights Shares. Emperor Securities confirmed to the Company that it has sub-underwritten its underwriting obligations under the Underwriting Agreement to sub-underwriter(s) such that each of Emperor Securities and its sub-underwriter(s) (i) will be a third party independent of, not acting in concert with and will not be connected with the Directors, chief executive or substantial Shareholders of the Company or their respective associates; and (ii) will not, together with party(ies) acting in concert with each of them or their respective associates, hold in aggregate 30% or more of the voting rights of the Company immediately upon completion of the Rights Issue.

INFORMATION ON THE GROUP, REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The Group was engaged in the manufacture and trading of optical frames and sunglasses, property investment, investment in debts and securities and film investment and distribution business.

The Directors consider that the Rights Issue will provide an opportunity to raise capital for the Company whilst strengthening the capital base and the financial position of the Company. Accordingly, the Directors consider that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The gross proceeds and net proceeds from the Rights Issue will be approximately HK\$28.3 million and HK\$26.3 million respectively (assuming no further issue or repurchase of Shares on or before the Record Date). The net proceeds of the Rights Issue are intended to be applied for repayment of the Group's indebtedness and interest expenses and general working capital of the Group.

TAXATION

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

As the proposed Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders in a general meeting under the Listing Rules.

GENERAL

The Prospectus Documents containing, among other things, the Prospectus setting out details of the Rights Issue, the PAL and the EAF will be despatched to the Qualifying Shareholders on Thursday, 23 January 2020. A copy of the Prospectus will also be made available on the websites of the Company (<http://www.irasia.com/listco/hk/eleganceoptical>) and the Stock Exchange (www.hkexnews.hk). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably

practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but will not send any PAL or EAF to them.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional, among other matters, upon fulfillment of the conditions set out under the sub-section headed “Conditions of the Rights Issue” in the section headed “PROPOSED RIGHTS ISSUE” of this announcement. In particular, the Rights Issue is subject to the Underwriter not terminating or rescinding the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled (and the date of the Underwriter’s right of termination or rescission of the Underwriting Agreement ceases) will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and/or nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisers.

DEFINITION

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

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Company”	Elegance Optical International Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (stock code: 907)
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented and modified from time to time
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, in such usual form as may be agreed between the Company and the Underwriter
“Emperor Securities” or “Underwriter”	Emperor Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	Monday, 23 December 2019, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Lodging Date”	Wednesday, 15 January 2020 or such other date as the Underwriter and the Company may agree, being the latest time for lodging transfer of Shares in order to be qualified for the Rights Issue

“Latest Time for Acceptance”	4:00 p.m. on Monday, 10 February 2020 or other time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares
“Latest Time for Termination”	4:00 p.m. on Thursday, 13 February 2020, being the third Business Day after the Latest Time for Acceptance, or such other time or date as may be agreed between the Company and the Underwriter
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Director(s), based on the enquiry made or legal advice obtained, consider it necessary or expedient not to offer the Rights Shares to such Overseas Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Thursday, 23 January 2020 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date

“Record Date”	Wednesday, 22 January 2020, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined (or such other date as the Underwriter may agree in writing with the Company)
“Registrar”	Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Hong Kong share registrar and transfer office of the Company
“Rights Issue”	the proposed issue by way of rights of one (1) Rights Share for every two (2) Shares in issue and held by a Shareholder on the Record Date at the Subscription Price on the terms and subject to the conditions in the Underwriting Agreement and to be set out in the Prospectus Documents
“Rights Share(s)”	Share(s) to be issued and allotted under the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Specified Event”	an event occurring or matter arising on or after the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties and/or undertakings contained in the relevant provision of Underwriting Agreement untrue or incorrect in any material respect
“Subscription Price”	HK\$0.14 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated Monday, 23 December 2019 entered into between the Company and the Underwriter in respect of the Rights Issue

“Underwritten Shares” 202,184,561 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

“%” per cent.

By order of the Board
Elegance Optical International Holdings Limited
Chung Yuk Lun
Executive Director

Hong Kong, 23 December 2019

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. Tang, Warren Louis.