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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



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

On 15 July 2020 (after the trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to place, on a best efforts basis, a maximum of up to 121,310,000 Placing Shares to not less than six independent Placees at the Placing Price of HK\$0.1 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the Placing Shares representing approximately 19.99% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.1 per Placing Share represents (i) a discount of approximately 9.09% to the closing price of HK\$0.11 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 12.74% to the average closing price of HK\$0.1146 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The gross proceeds from the Placing will be HK\$12,131,000 and the net proceeds from the Placing (after deducting the placing commission for the Placing and other relevant expenses) will be approximately HK\$11.63 million. The Company intends to apply the net proceeds for (i) general working capital of the Group and/or (ii) any possible investments in the future when opportunities arise.

The Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

As completion is subject to the satisfaction of the conditions in the Placing Agreement, the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

15 July 2020 (after trading hours)

Issuer

The Company

Placing Agent

Emperor Securities Limited

The Placing Agent has conditionally agreed to place a maximum of up to 121,310,000 Placing Shares on a best effort basis and in consideration thereof, it will receive a placing commission of 3% on the gross proceeds of the Placing upon completion of the Placing. The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Placees

The Placing Shares are to be placed to not less than six (6) Placees which will be professional, institutional and/or other investors, who and whose ultimate beneficial owners are Independent Third Parties. Upon completion of Placing, it is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after the Placing.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date (save for the allotment and issue of the Placing Shares), the maximum number of 121,310,000 Placing Shares represent approximately 19.99% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.1 per Placing Share represents (i) a discount of approximately 9.09% to the closing price of HK\$0.11 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 12.74% to the average closing price of HK\$0.1146 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price and conditions and liquidity of the Shares. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the other Shares in issue as at the date of allotment and issue of the Placing Shares.

General Mandate

Under the General Mandate, the Company is authorised to issue up to 121,310,736 Shares. Up to the date of this announcement, no Shares have been issued under the General Mandate. Thus the maximum number of new Shares which could be issued by the Company under the

General Mandate is 121,310,736 Shares. As such, the General Mandate is sufficient for allotment and issue of the maximum of 121,310,000 Placing Shares. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Conditions of the Placing

The Placing is conditional upon the following conditions being fulfilled:

- (i) the passing by the Board of resolution(s) to approve the Placing Agreement and the transactions contemplated hereunder; and
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares with or without conditions.

If any of the above conditions is not fulfilled on or before 5 August 2020, or such later date as the Company and the Placing Agent may agree in writing, the Placing Agreement shall be terminated and all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and that both parties shall be released from all their respective obligations pursuant to the Placing Agreement and neither party shall have any claim against the other party in respect of the Placing save for any antecedent breach.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Termination

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to 10:00 a.m. on the Completion Date upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military,

industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would affect the success of the Placing; or

- (b) the imposition of any moratorium, suspension (for more than 7 trading consecutive days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing; or
- (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
- (d) any litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (e) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of Placing Agreement in a material respect which would affect the success of the Placing; or
- (f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Upon the giving of notice to the Company pursuant to the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation and liabilities under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place at 4:00 p.m. (Hong Kong time) within five (5) Business Days after the date on which all the conditions as set out in the paragraph headed “Conditions of the Placing” above are satisfied or such other date as the Company and the Placing Agent may agree in writing.

As completion of the Placing is subject to the satisfaction of a number of conditions under the Placing Agreement and the Placing is on a best effort basis, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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 investment and distribution business.

The gross proceeds from the Placing will be HK\$12,131,000 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other relevant expenses) will be approximately HK\$11.63 million. The Company intends to apply the net proceeds for (i) general working capital of the Group and/or (ii) any possible investments in the future when opportunities arise.

The Board is of the view that the Placing will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group’s financial position for its future development. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Placing are as follows:

Name of Shareholders	As at the date of this announcement			Immediately after completion of the Placing		
	<i>Number of Shares</i>	<i>Approximate %</i>		<i>Number of Shares</i>	<i>Approximate %</i>	
Substantial Shareholder:						
Osman Bin Kitchell	142,297,709	23.46		142,297,709	19.55	
Public Shareholders:						
Placees	-	-		121,310,000	16.67	
Others	<u>464,255,975</u>	<u>76.54</u>		<u>464,255,975</u>	<u>63.78</u>	
Total	<u>606,553,684</u>	<u>100.00</u>		<u>727,863,684</u>	<u>100.00</u>	

EQUITY FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

The Company has conducted the following fundraising activity in the past twelve (12) months immediately preceding the date of this announcement:

Date of announcement/prospectus	Fundraising activity	Net proceeds	Intended use of net proceeds	Actual use of the net proceeds as at the date of this announcement
23 December 2019/ 23 January 2020	Rights issue on the basis of 1 rights share for every two Share held on 22 January 2020 and completed on 17 February 2020	Approximately HK\$26.3 million	- approximately HK\$23.0 million for repayment of the Group's indebtedness; and - approximately HK\$3.3 million for general working capital of the Group.	- approximately HK\$11.1 million were utilized for repayment of the Group's indebtedness; - approximately HK\$3.3 million was utilized as general working capital of the Group; and - the remaining net proceeds of approximately HK\$11.9 million will be used as intended.

Save as abovementioned, the Company has not conducted any other fundraising activities during the past twelve months immediately preceding the date of this announcement.

DEFINITIONS

In this announcement, the following terms shall have the meanings ascribed to them below unless the context otherwise requires:

“Board”	board of Directors
“Business Day(s)”	any day (other than a Saturday or Sunday or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for general banking business
“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)
“Completion Date”	means a day within five (5) Business Days after the date on which all the conditions of the Placing are satisfied (or such other date as the Company and the Placing Agent may agree in writing) and on which completion of the Placing will take place
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 16 March 2020 to allot, issue and deal with up to 20% of the issued Shares as at the date thereof
“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
“Independent Third Party(ies)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Last Trading Day”	15 July 2020, being the last trading day for the Shares prior to this announcement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any institutional, professional and/or other investors, who shall be Independent Third Parties and whom the Placing Agent or its sub-agent(s) procure(s) to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of a maximum of up to 121,310,000 new Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Emperor Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) and type 4 regulated activity (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a placing agreement dated 15 July 2020 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.1 per Placing Share
“Placing Shares”	a maximum of up to 121,310,000 new Shares to be allotted and issued under the Placing Agreement and “Placing Share” means any one of them

“Share(s)”	ordinary share(s) at par value of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 15 July 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.