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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 CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which comprises:

(i) the Capital Reduction

The issued share capital of the Company will be reduced by a reduction of the par value of each issued Existing Share from HK\$0.1 to HK\$0.01 by cancelling the paid-up capital on each issued Existing Share to the extent of HK\$0.09 so that each issued Existing Share will be treated as one fully paid-up share of par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction becoming effective and the credit arising from the Capital Reduction will be transferred to the Contributed Surplus Account for use by the Board in any manner permitted by Bermuda law and the Bye-laws.

(ii) Share Sub-division

Immediately following the Capital Reduction becoming effective, each of the authorised but unissued Existing Shares of par value of HK\$0.1 each will be sub-divided into ten (10) New Shares of par value of HK\$0.01 each.

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot of 2,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 20,000 New Shares upon the Capital Reorganisation becoming effective.

GENERAL

The Circular containing, among other things, (i) further details of the Capital Reorganisation; and (ii) a notice convening the AGM, is expected to be despatched to the Shareholders on or before Monday, 31 August 2020.

PROPOSED CAPITAL REORGANISATION

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The issued share capital of the Company will be reduced by a reduction of the par value of each issued Existing Share from HK\$0.1 to HK\$0.01 by cancelling the paid-up capital on each issued Existing Share to the extent of HK\$0.09 so that each issued Existing Share will be treated as one fully paid-up share of par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction becoming effective and the credit arising from the Capital Reduction will be transferred to the Contributed Surplus Account for use by the Board in any manner permitted by Bermuda law and the Bye-laws.

(ii) Share Sub-division

Immediately following the Capital Reduction becoming effective, each of the authorised but unissued Existing Shares of par value of HK\$0.1 each will be sub-divided into ten (10) New Shares of par value of HK\$0.01 each.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 comprising 1,000,000,000 Existing Shares of a par value of HK\$0.1 each, of which 727,863,684 Existing Shares have been issued and fully paid or credited as fully paid. Assuming no further Existing Shares are issued or repurchased from the date of this announcement until the effective date of the Capital Reorganisation, the authorised share capital of the Company will be HK\$100,000,000 divided into 10,000,000,000 New Shares of a par value of HK\$0.01 each, and the aggregate nominal value of the issued share capital of the Company will be HK\$7,278,636.84 immediately following the Capital Reorganisation becoming effective. Based on the number of the Existing Shares in issue as at the Last Trading Day, a credit of approximately HK\$65,507,731.6 will arise as a result of the Capital Reduction. Such credit will be transferred to the Contributed Surplus Account which will then be applied by the Board in any manner permitted by Bermuda law and the Bye-laws.

The Capital Reorganisation will reduce the par value of the Existing Shares from HK\$0.1 to HK\$0.01 (including both issued and unissued Existing Shares). Assuming no Existing Shares are issued or repurchased from the date of this announcement, the share capital structure of the Company after the Capital Reorganisation becoming effective will be as follows:

	As at the date of this announcement	Immediately after the Capital Reorganisation becoming effective
Authorized share capital	HK\$100,000,000	HK\$100,000,000
Par value	HK\$0.1	HK\$0.01
Number of authorized shares	1,000,000,000	10,000,000,000
Amount of issued share capital	HK\$72,786,368.40	HK\$7,278,636.84
Number of issued shares	727,863,684	727,863,684
Amount of unissued share capital	HK\$27,213,631.60	HK\$92,721,363.16
Number of unissued shares	272,136,316	9,272,136,316

Note: The above share capital structure of the Company is for illustration purpose only.

The New Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (i) the passing of the necessary resolution(s) by the Shareholders approving the Capital Reorganisation at the AGM;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation becoming effective;
- (iii) the compliance with the relevant procedures and requirements under the Bermuda law and the Listing Rules to effect the Capital Reorganisation; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

The Capital Reorganisation will become effective on Tuesday, 6 October 2020, being two Business Days after the date of the AGM assuming the above conditions are fulfilled on or before the date of the AGM.

Exchange of share certificates

Subject to the Capital Reorganisation having become effective, the Shareholders may, during the specified period, submit the existing share certificates for the Existing Shares, which is in gold colour, to the Registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the New Shares, which will be in green colour. Thereafter, the existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for New Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for New Shares (whichever is higher) but are not acceptable for trading, settlement and registration.

Listing and Dealings

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and all necessary arrangements will be made for the New Shares to be admitted into CCASS.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 2,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 20,000 New Shares conditional upon the Capital Reorganisation becoming effective.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders.

REASONS FOR THE CAPITAL REORGANISATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to the Bye-laws, the Company shall not issue shares at a price below par value. Since the Existing Shares were trading below par value recently and are currently trading very near to par value, the Board is of the opinion that the Capital Reorganisation will provide the Company with greater flexibility in possible fund raisings in the future. Further, the credit in the Contributed Surplus Account arising from the Capital Reduction will enable the Company to apply part of the amount standing to the credit of it to eliminate the accumulated losses of the Company as and when the Directors consider it appropriate in the future.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by The Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019, the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. Based on the closing price of HK\$0.106 per Existing Share on the Last Trading Day and assuming that the Capital Reorganisation having become effective, if the New Shares were trading in board lots of 20,000, the value of each board lot of New Shares would be above HK\$2,000.

In the view of the above reasons and having considered the current plans in relation to all corporate equity fundraising activities for the next twelve months, the Board is of the view that the proposed Capital Reorganisation and Change in Board Lot Size is reasonable and sufficient and is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no plan or intention to carry out any equity and/or other corporate actions which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation and the Change in Board Lot Size in the next twelve months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

EXPECTED TIMETABLE

Set out below is the indicative timetable for the Capital Reorganisation and change in board lot size.

Event	Date (2020)
Expected date of despatch of the Circular in relation to the Capital Reorganisation to the Shareholders together with notice of AGM and proxy form for AGM	Monday, 31 August
Latest time for lodging transfer of the shares to qualify for attendance and voting at the AGM.	4:30 p.m. on Wednesday, 23 September
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the AGM (both dates inclusive)	From Thursday, 24 September to Wednesday, 30 September
Latest time for lodging proxy forms for the AGM.	10:00 a.m. on Monday, 28 September
Record date for attendance and voting at the AGM.	Wednesday, 30 September

Event	Date (2020)
Expected date and time of the AGM to approve the Capital Reorganisation	10:00 a.m. on Wednesday, 30 September
Announcement of the poll result of the AGM	Wednesday, 30 September
Register of members re-opens	Monday, 5 October
Effective date of the Capital Reorganisation	Tuesday, 6 October
Commencement of dealings in the New Shares.....	9:00 a.m. on Tuesday, 6 October
First day of free exchange of existing share certificates for new share certificates for the New Shares	9:00 a.m. on Tuesday, 6 October
Last day for trading of the Shares in board lot of 2,000 Existing Shares	Monday, 19 October
Effective date of the Change in Board Lot Size from 2,000 Existing Shares to 20,000 New Shares.....	Tuesday, 20 October
Last day for free exchange of existing share certificates for new share certificates for the New Shares	Thursday, 12 November

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Capital Reorganisation and Change in Board Lot Size 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.

GENERAL

The Circular containing, among other things, (i) further details of the Capital Reorganisation; and (ii) a notice convening the AGM, is expected to be despatched to the Shareholders on or before Monday, 31 August 2020.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Capital Reorganisation and no Shareholders are required to abstain from voting at the AGM.

As the Capital Reorganisation is subject to the satisfaction of conditions, it may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“AGM”	an annual general meeting of the Company to be convened and held at which resolutions will be proposed to consider and, if thought fit, to approve, among other things, the Capital Reorganisation
“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
“Bye-laws”	the bye-laws of the Company as amended from time to time
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby the par value of all the issued Existing Shares shall be reduced from HK\$0.1 each to HK\$0.01 each by cancelling the paid-up capital of the Company to the extent of HK\$0.09 on each of the Existing Shares in issue
“Capital Reorganisation”	the proposed capital reorganisation of the issued share capital of the Company involving the Capital Reduction, the Share Sub-division and transferring all the credits arising from the Capital Reduction to the Contributed Surplus Account
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Existing Shares to 20,000 New Shares
“Circular”	the circular to be despatched to the Shareholders by the Company, relating to, among other things, the Capital Reorganisation

“Company”	Elegance 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
“Companies Act”	the Companies Act 1981 of Bermuda
“Contributed Surplus Account”	the account designated as the contributed surplus account of the Company within the meaning of the Companies Act
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“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”	14 August 2020, being the last trading day for the Shares prior to this announcement
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Tengis Limited
“Share(s)”	Existing Share(s) and/or New Share(s), as the case may be
“Share Sub-division”	the proposed sub-division of each authorised but unissued Existing Share into ten (10) unissued New Shares

“Shareholder(s)” holder(s) of issued 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, 14 August 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.