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# THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Elegance Optical International Holdings Limited, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibilities for the contents of the Prospectus Documents, make no representations as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the sub-section headed "14. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Shareholders of the Shares with registered addresses in any jurisdiction outside Hong Kong or holding the Shares on behalf of persons with such addresses and beneficial owners of the Shares who are residents outside Hong Kong are referred to the important information set out in the paragraph headed "Rights of Overseas Shareholders" under the sub-section headed "PROPOSED RIGHTS ISSUE" in the "Letter from the Board" of this Prospectus. **This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or Rights Shares or to take up any entitlements to the nil-paid Rights Shares or Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.**

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) who comes into possession of this Prospectus should inform themselves of and observe any such restrictions. This Prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States. This Prospectus will not be registered or filed under any applicable securities or equivalent legislation of any jurisdictions other than Hong Kong.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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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)

## 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 to the Rights Issue



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

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Capitalised terms used in this cover have the same meanings as those defined in this Prospectus.

It should be noted that the Shares have been dealt in on an ex-rights basis from Tuesday, 14 January 2020. Dealings in the Rights Shares in their nil-paid form will take place from 9:00 a.m. on Wednesday, 29 January 2020 to 4:10 p.m. on Wednesday, 5 February 2020 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable) by Thursday, 13 February 2020 or the Underwriting Agreement is terminated by the Underwriter at or before 4:00 p.m. on Thursday, 13 February 2020 (or such other time or date as may be agreed between the Company and the Underwriter in writing), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled or waived (as applicable) (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases), and/or dealings in the nil-paid Rights Shares, shall bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or the nil-paid Rights Shares are recommended to consult their own professional advisers and exercise caution.

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Rights Issue having become unconditional and the Underwriter not having terminated or rescinded (as the case may be) the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed "Termination and Force Majeure of the Underwriting Agreement" of this Prospectus). Accordingly, the Rights Issue may or may not proceed.

The latest date and time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Monday, 10 February 2020. The procedures for acceptance and payment and/or transfer of the Rights Shares are set out on pages 13 to 15 of this Prospectus.

23 January 2020

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## NOTICES

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The Rights Issue is conditional, among other matters, upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the Rights Issue does not become unconditional, the Rights Issue will not proceed and the Company will make an announcement at the relevant time. It should also be noted that the Shares have been dealt in on an ex-rights basis from Tuesday, 14 January 2020 and that the nil-paid Rights Shares are expected to be dealt in from 9:00 a.m. on Wednesday, 29 January 2020 to 4:10 p.m. on Wednesday, 5 February 2020 (both days inclusive). Such dealings will take place when the conditions of the Rights Issue remain unfulfilled. Any person dealing in the securities of the Company up to the date on which such conditions are fulfilled or waived and any person dealing in the nil-paid Rights Shares from 9:00 a.m. on Wednesday, 29 January 2020 to 4:10 p.m. on Wednesday, 5 February 2020 (being the first and last day of dealings in the nil-paid Rights Shares respectively) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed and should exercise caution. Any person dealing or contemplating any dealing in the securities of the Company and/or the nil-paid Rights Shares during this period who is in any doubt about his or her or its position is recommended to consult his or her or its own professional adviser.

**THIS PROSPECTUS DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO SELL OR ISSUE, OR ANY SOLICITATION OF ANY OFFER TO ACQUIRE, THE NIL-PAID RIGHTS SHARES OR RIGHTS SHARES OR TO TAKE UP ANY ENTITLEMENTS TO THE NIL-PAID RIGHTS SHARES OR RIGHTS SHARES IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS UNLAWFUL.** None of the nil-paid Rights Shares, the Rights Shares, this Prospectus, the PAL and the EAF will be registered or filed under the securities laws of any jurisdiction other than in Hong Kong. Accordingly, the nil-paid Rights Shares and the Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions outside Hong Kong, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions. No persons receiving a copy of the Prospectus or a PAL or an EAF in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in a territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements thereof or where the offer is made in reliance on any exemption or where compliance with the relevant legal or regulatory requirement will not, in the Board's judgement, be unduly burdensome. It is the responsibility of any person(s) (including but not limited to any agent, custodian, nominee or trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself/themselves before subscribing for the allotted Rights Shares or excess Rights Shares, as to the full observance of the laws and regulations of all relevant territory or jurisdiction, including the obtaining of any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. Such persons should consult their professional advisers if in doubt.

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## NOTICES

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No application for Rights Shares will be accepted from the Non-Qualifying Shareholders (if any). The Company reserves the right to refuse to accept any application for Rights Shares where it believes that acceptance would violate the applicable securities or other laws or regulations of any jurisdiction outside Hong Kong.

Shareholders with registered addresses in any jurisdiction outside Hong Kong or holding the Shares on behalf of any person with such addresses and beneficial owners of the Shares who are residents outside Hong Kong (if any) are referred to this section headed “Notices”, and the paragraphs headed “Rights of Overseas Shareholders” under the subsection headed “PROPOSED RIGHTS ISSUE” in the “Letter from the Board” of this Prospectus.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his or her or its acquisition of the nil-paid Rights Shares and/or Rights Shares to have confirmed, that he or she or it is aware of the restrictions on offers and sales of nil-paid Rights Shares and/or Rights Shares as described in this Prospectus.

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## TERMINATION AND FORCE MAJEURE OF THE UNDERWRITING AGREEMENT

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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 material adverse change in the circumstances of the Company or any member of the Group;

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## TERMINATION AND FORCE MAJEURE OF THE UNDERWRITING AGREEMENT

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- (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 the 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.

**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 paragraph headed “Conditions of the Rights Issue” under the sub-section headed “THE UNDERWRITING AGREEMENT” in the “Letter from the Board” of this Prospectus. 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.

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## DEFINITIONS

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*In this Prospectus, 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
“Announcement”	the announcement of the Company dated 23 December 2019 in relation to the Rights Issue
“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



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## DEFINITIONS

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“High Court”	the High Court 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 the Announcement
“Latest Lodging Date”	Wednesday, 15 January 2020 or such other date as the Underwriter and the Company may agree, being the latest date for lodging transfer of Shares in order to be qualified for the Rights Issue
“Latest Practicable Date”	16 January 2020, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion in the Prospectus
“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

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## DEFINITIONS

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“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Petitioner”	Bapton Company Limited, a company with limited liability incorporated under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) having its registered office situated at 30th Floor, COFCO Tower, No. 262 Gloucester Road, Causeway Bay, Hong Kong
“PRC”	The People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“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 (if any)
“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 branch 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

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## DEFINITIONS

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“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
“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
“Statutory Demand”	the statutory demand pursuant to Section 327 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) was served on the Company by the creditor on 4 June 2019 to demand for payment of HK\$10,410,000.00, being the loan principal and accrued interest owed by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.14 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 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
“Winding Up Petition”	the winding up petition filed by the Petitioner against the Company under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) in the High Court on 8 October 2019
“%”	per cent.

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## EXPECTED TIMETABLE

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All times and dates in this Prospectus refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out below and all dates and deadlines specified in the Prospectus Documents for events in the timetable for (or otherwise in relation to) the Rights Issue are for indicative purpose only. The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Wednesday, 29 January 2020
Latest time for splitting of provisional allotment letters . . . . .	4:30 p.m. on Friday, 31 January 2020
Latest time of dealings in nil-paid Rights Shares . . . . .	4:10 p.m. on Wednesday, 5 February 2020
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares . . . . .	4:00 p.m. on Monday, 10 February 2020
Latest time for termination of the Underwriting Agreement . . . . .	4:00 p.m. on Thursday, 13 February 2020
Announcement of the allotment results of the Rights Issue . . . . .	Monday, 17 February 2020
Despatch of refund cheques for wholly or partially unsuccessful applications for excess Rights Shares on or before . . . . .	Tuesday, 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

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## EXPECTED TIMETABLE

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### **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 as soon as possible.



**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)**

*Executive Directors:*

Mr. Chung Yuk Lun  
Mr. Chan Chung Yin, Victor

*Independent Non-executive Directors:*

Mr. Man Wai Lun  
Mr. Cheng Chun Man

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Head Office and Principal Place of*

*Business:*  
Unit 2405, 24/F,  
World Wide House,  
19 Des Voeux Road Central,  
Central,  
Hong Kong

23 January 2020

*To the Qualifying Shareholders, and, for information only, the Non-Qualifying Shareholders (if any)*

Dear Sirs,

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

**INTRODUCTION**

Reference is made to the Announcement, pursuant to which the Board announced that the Company proposed 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. From the date of the Announcement and up to 16 January 2020, being the date the register of members of the Company closed for determining entitlement under the Rights Issue, no issue or repurchase of Shares has been conducted. As such, the total number of Shares qualified for the Rights Issue is 404,369,123 Shares and the total number of Rights Shares to be issued will be 202,184,561 Rights Shares.

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## LETTER FROM THE BOARD

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

The purpose of this Prospectus is to provide you with, among others things, further details of the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you, together with the financial and other information of the Group.

### 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 Latest Practicable Date	:	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 Latest Practicable Date.

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## LETTER FROM THE BOARD

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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 Latest Practicable Date, 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 Latest Practicable Date.

### **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.

### **Qualifying Shareholder**

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.

Qualifying Shareholders who take up their pro rata entitlements in full will not suffer any dilution to their shareholding interests in the Company (save for any dilution as a result of fractional entitlements to Rights Shares which will not be provisionally allotted to them). If Qualifying Shareholders do not take up their entitlement under the Rights Issue in full, their proportionate shareholdings in the Company will be diluted.



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## LETTER FROM THE BOARD

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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.

### **Rights of Overseas Shareholders**

The Prospectus Documents have not been and will not be registered or filed under the applicable securities legislations of any jurisdiction other than Hong Kong.

According to the register of members of the Company as at 16 January 2020, there were 4 Overseas Shareholders whose registered addresses were located in the British Virgin Islands, holding an aggregate of 4,480,000 Shares.

The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made enquiries regarding the legal restrictions under the laws of the British Virgin Islands and the requirements of the regulatory bodies or stock exchanges of the British Virgin Islands with respect to extending the Rights Issue to the Overseas Shareholders in the British Virgin Islands. The Company has been advised by its legal advisers in the British Virgin Islands that there are no restrictions to or other approval, filing, registration, examination, procedures, formalities or requirements that are required to be observed by the Company in connection with the Company's despatch of the Prospectus (including the application form to subscribe rights shares to be issued by the Company) to Overseas Shareholders (being business companies) having registered addresses in the British Virgin Islands. As such, based upon the register of members of the Company as at 16 January 2020, there were no Non-Qualifying Shareholders.

### **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.

### **Procedures for acceptance and payment and/or transfer**

Qualifying Shareholders should find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights

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## LETTER FROM THE BOARD

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Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance (rounded up to the nearest 2 decimal places), with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Monday, 10 February 2020. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**ELEGANCE OPTICAL INTERNATIONAL HOLDINGS LIMITED — PROVISIONAL ALLOTMENT ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**". The benefit of any rounding adjustments will be retained by the Company.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Monday, 10 February, 2020 (or, under bad weather and/or extreme conditions, such later time and/or date as mentioned in the sub-section headed "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" in the section headed "Expected Timetable" of this Prospectus), whether by the original allottee or any person to whom the provisional allotment has been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company is not obliged but may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

Completion and return of the PAL will constitute a warranty and representation to the Company, from such person, that all registration, legal and regulatory requirements of all relevant jurisdictions other than Hong Kong, in connection with the PAL and any acceptance of it, have been, or will be, duly complied with. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that in doing so would violate the applicable securities legislations or other laws or regulations of any jurisdiction. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the above representation or warranty.

If a Qualifying Shareholder wish to transfer all of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it, the Qualifying Shareholder must complete and sign the "FORM OF TRANSFER AND NOMINATION" in the PAL and hand the PAL to the transferee(s) or through whom the Qualifying Shareholder are transferring his/her/its rights. The transferee(s) must then complete and sign the "REGISTRATION APPLICATION FORM" in the PAL and lodge the PAL intact together with a remittance for the full amount payable on acceptance (rounded up to the nearest two decimal places) with the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, so as to be received by the Registrar by not later than 4:00 p.m. on Monday, 10 February 2020 (or, under bad weather and/or extreme conditions, such later time and/or date as mentioned in the sub-section headed

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## LETTER FROM THE BOARD

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“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” under the section headed “Expected Timetable”). All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or cashier’s orders must be issued by, a licensed bank in Hong Kong and made payable to “**ELEGANCE OPTICAL INTERNATIONAL HOLDINGS LIMITED — PROVISIONAL ALLOTMENT ACCOUNT**” and crossed “**ACCOUNT PAYEE ONLY**”.

If a Qualifying Shareholder wishes to accept only part of the provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or transfer part/all of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Friday, 31 January 2020 with the Registrar, who will cancel the original PAL and issue new PAL(s) in the denominations required. The new PAL(s) will be available for collection at the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques and cashier’s orders will be presented for payment immediately upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier’s order will constitute a warranty by such person that the cheque or the cashier’s order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier’s order is dishonoured on first presentation, and in that event the relevant provisional allotment of Rights Shares and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

If any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” under the sub-section headed “THE UNDERWRITING AGREEMENT” is not fulfilled or waived (as applicable) by Thursday, 13 February 2020 or if the Underwriter exercises the right to terminate or rescind the Underwriting Agreement at or before 4:00 p.m. on Thursday, 13 February 2020 (or such other time or date as may be agreed between the Company and the Underwriter in writing), the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Tuesday, 18 February 2020.

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## LETTER FROM THE BOARD

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### Application and payment 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 (if applicable);
- (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.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for (rounded up to the nearest 2 decimal places) with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Monday, 10 February 2020. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "ELEGANCE OPTICAL INTERNATIONAL HOLDINGS LIMITED — EXCESS APPLICATION ACCOUNT"

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## LETTER FROM THE BOARD

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and crossed “**ACCOUNT PAYEE ONLY**”. The benefit of any rounding adjustments will be retained by the Company. The Registrar will notify the relevant Qualifying Shareholders of any allotment of Rights Shares made to them.

If no excess Rights Shares are allotted to a Qualifying Shareholder who has applied for excess Rights Shares, the remittance tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post at his/her/its own risk by the Registrar on or before Tuesday, 18 February 2020. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus remittance without interest is also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post at his/her/its own risk by the Registrar on or before Tuesday, 18 February 2020.

All cheques and cashier’s orders will be presented for payment immediately upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a cashier’s order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier’s order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the accompanying cheque or cashier’s order is dishonoured on first presentation.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier’s orders for amounts due, will be sent by ordinary post at the risk of the person(s) entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving a copy of the EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the EAF will constitute a warranty and representation from such Qualifying Shareholder(s) to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any application thereunder, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

If any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” under the sub-section headed “THE UNDERWRITING AGREEMENT” is not fulfilled or waived (as applicable) by Thursday, 13 February 2020 or if the Underwriter exercises the right to terminate or rescind the Underwriting Agreement at or before 4:00 p.m. on Thursday, 13 February 2020 (or such other time or date as may be

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## LETTER FROM THE BOARD

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agreed between the Company and the Underwriter in writing), the remittance received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Tuesday, 18 February 2020.

### **Action to be taken by beneficial owners whose Shares are held by a registered owner (other than Shares deposited in CCASS)**

If you are a beneficial owner whose Shares are registered in the name of a registered owner and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or “split” your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should contact the registered owner and provide the registered owner with instructions or make arrangements with the registered owner in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of the registered owner in order to allow the registered owner sufficient time to ensure that your instructions are given effect. You should consult your professional adviser if in doubt.

### **Action to be taken by beneficial owners holding interests in Shares through CCASS**

If you are a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or “split” your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should (unless you are a CCASS Investor Participant) contact your intermediary and provide your intermediary with instructions or make arrangements with your intermediary in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested. You should consult your professional adviser if in doubt.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of your intermediary in order to allow your intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

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## LETTER FROM THE BOARD

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The procedures for acceptance, transfer and/or “splitting” of Rights Shares provisionally allotted to beneficial owners who have been admitted to participate in CCASS as investor participants shall be in accordance with HKSCC’s “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial owners who have been admitted to participate in CCASS as investor participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such beneficial owners’ interests in Rights Shares should be dealt with.

### **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;
- (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;
- (e) a discount of approximately 79.90% to the unaudited consolidated net assets value per Share of the Group of approximately HK\$0.6967 as at 30 September 2019 (based on the unaudited consolidated equity attributable to owners of the Company of approximately HK\$281,705,000 as at 30 September 2019 as disclosed in the interim report of the Company for the six months ended 30 September 2019 and 404,369,123 Shares in issue as at 30 September 2019); and
- (f) a discount of approximately 22.22% to the closing price of HK\$0.18 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined by the Directors and the Underwriter with reference to prevailing Share price and the market environment.

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## LETTER FROM THE BOARD

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The Directors were aware of the fact that the Subscription Price represents a discount of approximately 79.90% to the unaudited consolidated net assets value per Share of the Group as at 30 September 2019. However, given that the Shares have been consistently traded at substantial discount to the unaudited consolidated net assets value per Share of the Group as at 30 September 2019 since 21 November 2019 (being the date on which the trading in the Shares was resumed) and up to the Last Trading Day (ranging from approximately 60.53% to 74.59%), the Directors consider it would be more appropriate to make reference to the prevailing market price(s) of the Share which directly reflect the fair market value of the Share that is generally perceived by the market having taking into account all business segments of the Group as well as the market conditions, instead of making reference to the unaudited consolidated net assets value per Share, in determining the Subscription Price.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter and reflects the best commercial deal that the Company could negotiate with the Underwriter on terms commercially acceptable to both of the Company and the Underwriter. The determination was also driven by:

- (1) the market price of the Share under the prevailing market conditions;
- (2) the low liquidity of the Shares from 21 November 2019 (being the date on which the trading in the Shares was resumed) and up to the Last Trading Day;
- (3) the Company has been recording net losses for the past two financial years ended 31 March 2019 and for the six months ended 30 September 2019;
- (4) it is in line with the general market practice for the listed companies on the Stock Exchange to issue rights shares at a discount to the prevailing market price in order to enhance the attractiveness of the Rights Issue;
- (5) the financial needs of the Group, including the potential capital requirement for repayment of the Group's outstanding indebtedness (please see the section headed "INFORMATION ON THE GROUP, REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS" in this Prospectus for further details); and
- (6) as the Rights Shares are offered to all Qualifying Shareholders, the Directors (excluding the independent non-executive Directors) would like to set the Subscription Price at a discount that would attract the Qualifying Shareholders to participate in the Rights Issue.

As indicated to the Company during the negotiation of the Underwriting Agreement, given the abovementioned factors, a subscription price with discount to the recent closing price(s) of the Share(s) is necessary to induce the Underwriter to take up the underwriting commitment of the Underwritten Shares, which is an essential part of the Rights Issue. The level of discount of the Subscription Price to the recent closing price(s) of the Share(s) was requested by the Underwriter to reduce its underwriting risks. Taking into account of the above, the Directors consider that the current level of discount of the Subscription Price to the recent closing price(s) of the Share(s) is necessary (i) to secure the Underwriter to take



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## LETTER FROM THE BOARD

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up the underwriting commitment of the Underwritten Shares; and (ii) to encourage the Qualifying Shareholders to participate in the Rights Issue and to maintain their shareholdings in the Company, and thus the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

After taking into consideration the aforementioned points and 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.

### **Dilution effect**

Despite the Rights Issue will potentially result in a theoretical dilution effect (with the meaning ascribed to it in Rule 7.27B of the Listing Rules) of approximately 7.26%, being the discount of the theoretical diluted price (as defined in note 1(a) under Rule 7.27B of the Listing Rules) of HK\$0.166 to the benchmarked price (as defined in note 1(b) under Rule 7.27B of the Listing Rules) of HK\$0.179, the Directors consider that the interests of the Qualifying Shareholders will not be prejudiced given that:

- (a) the Rights Issue provides the Qualifying Shareholders an opportunity to subscribe for their pro rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a discount to the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day;
- (b) the dilution nature of Rights Issue is common in the market in case the Qualifying Shareholders do not take up their entitlements under the Rights Issue in full, whereas the Qualifying Shareholders who choose to accept the Rights Issue in full are able to maintain their respective existing shareholding interests in the Company after the Rights Issue (save for any dilution as a result of fractional entitlements to Rights Shares which will not be provisionally allotted to them); and
- (c) the Qualifying Shareholders who do not take up their entitlements in the Rights Issue are able to sell the nil-paid Rights Shares in the market, while the Qualifying Shareholders who wish to increase their shareholding interests in the Company through the Rights Issue are able to make excess applications for additional Rights Shares and/or acquire additional nil-paid Rights Shares in the market.

### **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.

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## LETTER FROM THE BOARD

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### **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 has made 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.

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## LETTER FROM THE BOARD

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### 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.

### 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.

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.

The Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules that it is licensed under the SFO for Type 1 regulated activity and its ordinary course of business includes underwriting of securities, and it is not connected person of the Company.

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

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## LETTER FROM THE BOARD

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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.

### **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;

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## LETTER FROM THE BOARD

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- (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.

As at the Latest Practicable Date, condition (i) of the Rights Issue has been satisfied.

### **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;

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## LETTER FROM THE BOARD

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- (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 the 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,

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## LETTER FROM THE BOARD

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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.

### SHAREHOLDING STRUCTURE OF THE COMPANY

To the best knowledge of the Directors, assuming there is no further issue or repurchase of Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue:

Shareholders	As at the Latest Practicable Date		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 Approximate Shares</i>	<i>Approximate % (Note 1)</i>	<i>No. of Approximate Shares</i>	<i>Approximate % (Note 1)</i>	<i>No. of Approximate Shares</i>	<i>Approximate % (Note 1)</i>
Osman Bin Kitchell	70,662,000	17.47%	105,993,000	17.47%	70,662,000	11.65%
Wong Hoi Fung	49,020,000	12.12%	73,530,000	12.12%	49,020,000	8.08%
Subtotal	119,682,000	29.60%	179,523,000	29.60%	119,682,000	19.73%
<b>Public Shareholders</b>						
<i>Underwriter, sub-underwriter(s) and/or subscriber(s) procure by it (Note 2)</i>	—	—	—	—	202,184,561	33.33%
Other Public Shareholders	284,687,123	70.40%	427,030,684	70.40%	284,687,123	46.94%
<b>TOTAL</b>	<u>404,369,123</u>	<u>100.00%</u>	<u>606,553,684</u>	<u>100.00%</u>	<u>606,553,684</u>	<u>100.00%</u>

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## LETTER FROM THE BOARD

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*Notes:*

1. The percentages may not add up to subtotal or total due to rounding.
2. 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 procured sub-underwriters to sub-underwrite its underwriting obligations under the Underwriting Agreement 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 used as to approximately HK\$23.0 million for repayment of the Group's existing indebtedness with priority to those bearing the highest interest rate in order to lower the gearing and finance costs of the Group, among which (i) approximately HK\$11.4 million will be used to settle the term loan owed to Lender B; (ii) approximately HK\$7.2 million will be used to settle the term loan owed to Lender C; and (iii) the remaining of approximately HK\$4.4 million will be used for partial settlement of the term loan owed to Lender A, F or G, subject to the result of negotiation with the respective lenders. For the details of the outstanding borrowings due to the Lender A, B, C, F and G, please refer to the section headed "Appendix I Financial and other information of the Group — B. Indebtedness" below.

The remaining balance of the net proceeds of approximately HK\$3.3 million is intended to be applied as general working capital of the Group which includes legal and professional expenses and general administrative expenses such as rental expense and staff cost.



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## LETTER FROM THE BOARD

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### EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any other equity fund raising activities during the 12 months immediately preceding the date of the Announcement and up to the Latest Practicable Date.

### 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.

### 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 paragraph headed “Conditions of the Rights Issue” under the sub-section headed “THE UNDERWRITING AGREEMENT” in this “Letter from the Board” of this Prospectus. 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.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to the Prospectus.

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

**A. FINANCIAL INFORMATION**

The published audited consolidated financial statements of the Group for the three years ended 31 March 2017, 2018 and 2019 are disclosed in the annual report of the Company for the year ended 31 March 2017, the annual report of the Company for the year ended 31 March 2018 and the supplemental announcement in relation to the annual report of the Company for the year ended 31 March 2018, and the annual report of the Company for the year ended 31 March 2019. The unaudited consolidated results of the Company for the six months ended 30 September 2019 is disclosed in the interim report of the Company for the six months ended 30 September 2019. The aforesaid annual reports and interim report of the Company are available on both the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.irasia.com/listco/hk/eleganceoptical>).

Set out below are links to the relevant annual reports and interim report of the Company:

- (a) Annual report of the Company for the year ended 31 March 2017:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0717/ltn20170717372.pdf>

- (b) Annual report of the Company for the year ended 31 March 2018 and supplemental announcement in relation to the annual report of the Company for the year ended 31 March 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0723/ltn20180723256.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0712/ltn201907121050.pdf>

- (c) Annual report of the Company for the year ended 31 March 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1230/2019123000523.pdf>

- (d) Interim report of the Company for the six months ended 30 September 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1231/2019123100856.pdf>

**B. INDEBTEDNESS**

**Statement of indebtedness**

As at the close of business on 31 December 2019, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this prospectus, details of the Group's indebtedness are as follows:

***Borrowings***

The Group had short-term borrowings from third parties of approximately HK\$47.2 million, which consists loan principal amount of approximately HK\$44.6 million and accrued interests of approximately HK\$2.6 million.

The detailed breakdown of the borrowings of the Group as at 31 December 2019 is set out below:

<b>Lenders' profile</b>	<b>Nature</b>	<b>Outstanding Borrowing as at 31 December 2019 HK\$</b>	<b>Interest Rate % p.a.</b>	<b>Maturity date (Note 3)</b>
Lender A — Term loan	Unsecured	10,300,000.00	6	October 2020
Lender B — Term loan	Unsecured	11,360,000.00	12	November 2020
Lender C — Term loan	Unsecured	7,212,342.68	12	August 2020
Lender D — Mortgage loan (Note 1)	Secured	10,660,000.00	1.1	June 2020
Lender E — Import loan (Note 2)	Unsecured	245,132.14	4.1789	January 2020
Lender F — Term loan	Unsecured	6,900,000.00	8	December 2020
Lender G — Term loan	Unsecured	500,000.00	8	March 2020

*Notes:*

- 1) The loan was secured by the pledge of Group's certain land and buildings with carrying amount of approximately HK\$11.3 million as at 31 December 2019.
- 2) Borrower E is a commercial bank
- 3) All of the borrowings do not contain any option for extension.

***Finance lease***

As at 31 December 2019, finance lease liability of approximately HK\$520,000 was secured by the motor vehicles of the Group.

***Lease liabilities***

The Group has adopted Hong Kong Financial Reporting Standard 16 “Leases” (“HKFRS 16”) from 1 April 2019. On adoption of HKFRS 16, the Group recognized right-of-use assets and lease liabilities in relation to leases which had previously been classified as operating leases under HKAS 17. As at 31 December 2019, the Group measures the lease liabilities at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rates and measures the right-of-use assets at an amount equal to the lease liabilities, adjusted by any prepaid or accrued lease payments. As at 31 December 2019, the Group recognised total lease liabilities of approximately HK\$7.9 million in respect of the operating leases in accordance with HKFRS 16.

Save for the aforesaid and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business of the Group, at the close of business on 31 December 2019, the Group did not have any debt securities issued and outstanding, or any other borrowings or indebtedness including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchases commitments, or any other borrowings subject to mortgages or charges, or any other material contingent liabilities or guarantees.

**C. WORKING CAPITAL**

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the financial resources presently available to the Group, including available facilities and other internal resources, and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

**D. MATERIAL ADVERSE CHANGE*****Winding Up Petition***

On 11 October 2019, the Board received the Winding Up Petition filed by the Petitioner against the Company. The Winding Up Petition was filed against the Company for failure to settle a judgement debt in the sum of HK\$4,083,202.75, being the outstanding rent, with interest accrued owed by the Company to the Petitioner as at 30 August 2019, and further interest up to date of full payment. The hearing in relation to Winding Up Petition was scheduled to be held on 4 December 2019.

On 8 November 2019, the Company paid an agreed amount to the Petitioner for full and final settlement of all matters of the Winding Up Petition and the related High Court proceedings. The Company and the Petitioner had signed a consent summons

pursuant to which the Petitioner agreed to withdraw the Winding Up Petition and that the hearing in relation to Winding Up Petition shall be vacated. The consent summons was filed on 11 November 2019 and an order was granted by and filed with the High Court to withdraw the Winding-Up Petition on 10 December 2019.

Please refer to the announcements of the Company published on 11 October 2019, 16 October 2019, 8 November 2019 and 10 December 2018 for details.

### **Statutory Demand**

On 11 September 2019, the Company received the Statutory Demand. On 1 November 2019, the Company and the creditor entered into a settlement agreement pursuant to which, upon the payment of the accrued interest, both the Company and the creditor agreed to extend the maturity date of the debt and that all claims, demands and causes of action against the Company would be released and discharged forever subject to the terms and conditions of the settlement agreement.

Please refer to the announcement of the Company published on 11 September 2019 for the details.

As at the Latest Practicable Date, save for 1) the Winding Up Petition, 2) Statutory Demand and 3) the loss attributable to owners of the Company of approximately HK\$20.6 million recorded for the six months ended 30 September 2019, the Directors confirmed that there had not been any material adverse change in the financial or trading position or prospects of the Group since 31 March 2019, being the date to which the latest published audited financial statements of the Group were made up. For details of the loss recorded by the Group for the six months ended 30 September 2019, please refer to the interim report of the Company for the six months ended 30 September 2019.

## **E. BUSINESS AND FINANCIAL REVIEW**

For the six months ended 30 September 2019, the Group recorded a loss before taxation of approximately HK\$21.7 million, and the loss attributable to the owners of the Group for the six months ended 30 September 2019 was approximately HK\$20.6 million as compared with a loss before taxation of approximately HK\$28.2 million for the corresponding period in last year.

Total revenue of the Group comprised of 5 segments, i.e. the manufacturing and trading of optical frames and sunglasses, property investment, debts and securities investment, film investment and distribution and money lending business. Total revenue for the six months ended 30 September 2019 was approximately HK\$45.5 million. As compared to approximately HK\$117.9 million recorded for the corresponding period in last year, it represents a drop of approximately 61.4%. The Group's overall revenues was primarily attributed to the sales of optical frames and sunglasses, with a decrease by approximately 66.7% or approximately HK\$73.5 million to approximately HK\$36.8 million for the six months ended 30 September 2019. (30 September 2018: HK\$110.2 million).

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## **APPENDIX I FINANCIAL AND OTHER INFORMATION OF THE GROUP**

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For property investment, rental income increased from approximately HK\$1.16 million as at 30 September 2018 to approximately HK\$1.29 million in at 30 September 2019. However, it remained relatively insignificant to the Group's operation.

For investments in listed securities, loss of approximately HK\$0.76 million was recorded for the six months ended 30 September 2019 compare to gains of approximately HK\$0.90 million for the six months ended 30 September 2018. The fair value of the Group's securities investment amounted to approximately HK\$3.82 million as at 30 September 2019.

For money lending business, interest income was approximately HK\$0.80 million (30 September 2018: HK\$3.89 million). Due to the increase in uncertainty in the worldwide economic environment, the Group had decided not to renew its money lenders licence in the preceding financial year. No new loans were granted to borrowers for the six months ended 30 September 2019.

For film and distribution segment, Filmko Culture Limited, whose 25% interest was acquired by the Group in July 2018, recorded a profit after tax of approximately HK\$23.7 million for the six months ended 30 September 2019.

### **F. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group considers both the local and global economy has been facing numerous downside risk and believed the business environment, stock and property markets will remain unstable and challenging for quite a period of time with the impact of US-China trade war. The Group will continue to adopt a prudent approach in the development of its eyewear business, debts and securities investment and property investment.

The Group would not grant any new loans to borrowers as the money lenders licence had not been renewed. The Group will continue to perform ongoing evaluation of the financial conditions of its existing clients to reduce its exposure to credit risk. The Group will allocate more resources for other business segments of the Group accordingly.

For film and distribution, given that China has the world's second largest film market after the United States of America, even in first half year of 2019 the overall industry growth speed has slowed down compare to a vast growth rate in previous years, the Group is still cautiously optimistic regarding the opportunities in the China film market.

The Group will continue to expand its film business, extend the upstream and downstream industry chain of the film business and expand into the cultural and entertainment industry. The Group also intends to invest in TV drama, script and film and television copyright trading, and other related film and cultural entertainment industry investment businesses when suitable opportunities arise.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED  
NET TANGIBLE ASSETS OF THE GROUP**

*The following is an illustrative and unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company which has been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Rights Issue as if it had taken place on 30 September 2019. This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Rights Issue been completed as at 30 September 2019 or at any future date.*

	<b>Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2019</b>	<b>Estimated net proceeds from the Rights Issue</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company after completion of the Rights Issue</b>	<b>Unaudited consolidated net tangible assets attributable to owners of the Company per Share as at 30 September 2019</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share after completion of the Rights Issue</b>
	<i>HK\$'000</i> <i>(Note 1)</i>	<i>HK\$'000</i> <i>(Note 2)</i>	<i>HK\$'000</i> <i>(Note 3)</i>	<i>HK\$</i> <i>(Note 4)</i>	<i>HK\$</i> <i>(Note 5)</i>
Rights Issue of 202,184,561 Rights Shares to be issued at subscription price of HK\$0.14 per Rights Share	281,705	26,269	307,974	0.70	0.51

*Notes:*

- (1) The consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2019 of approximately HK\$281,705,000 is calculated based on the unaudited consolidated net assets of the Group as at 30 September 2019 of approximately HK\$276,847,000 and adjusted for the non-controlling interests of HK\$4,858,000 as at that date, both of which are extracted from the unaudited interim condensed consolidated statement of financial position of the Group at 30 September 2019 set out in the published interim report of the Group for the six months ended 30 September 2019. Included in the consolidated net assets of the Group at 30 September 2019 is the right-of-use assets of HK\$11,785,000 which were recognised under HKFRS 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants.
- (2) The estimated net proceeds from the Rights Issue of approximately HK\$26,269,000 are calculated based on proceeds from the issue of approximately 202,185,000 Rights Shares (in the proportion of one Rights Share for every two Shares held as at the Record Date) at the subscription price of HK\$0.14 per Rights Share, after deduction of the related expenses of approximately HK\$2,037,000.
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company after completion of the Rights Issue of approximately HK\$307,974,000 is calculated based on the aggregate of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2019 of approximately HK\$281,705,000 (Note 1) and the estimated net proceeds from the Rights Issue of approximately HK\$26,269,000 (Note 2).
- (4) The unaudited consolidated net tangible assets attributable to owners of the Company per Share as at 30 September 2019 is based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2019 of approximately HK\$281,705,000 (Note 1) and approximately 404,369,000 Shares in issue as at 30 September 2019 and at the Latest Practicable Date.
- (5) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company after completion of the Rights Issue per Share is calculated based on the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company after completion of the Right Issues of approximately HK\$307,974,000 (Note 3) and approximately 606,554,000 Shares in issue and issuable, comprising approximately 404,369,000 Shares in issue at the Latest Practicable Date as disclosed in Note 4 above and approximately 202,185,000 Rights Shares to be issued (Note 2).
- (6) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2019.



**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS**

The following is the text of the independent reporting accountant's assurance report, prepared for the purpose of inclusion in this Prospectus, received from independent reporting accountants, CCTH CPA Limited, Certified Public Accountants, Hong Kong in respect of the unaudited pro forma financial information of the Group.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION****To the Directors of Elegance Optical International Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of the Group, comprising Elegance Optical International Holdings Limited (the "Company") and its subsidiaries, by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 September 2019, and related notes as set out on pages 35 and 36 of Appendix II of the prospectus issued by the Company dated 23 January 2020 (the "Prospectus") in connection with the proposed rights issue on the basis of one rights share for every two existing shares held (the "Rights Issue"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 35 and 36 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group's consolidated net tangible assets as at 30 September 2019 as if the Rights Issue had taken place on 30 September 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the interim report of the Company for the six months ended 30 September 2019, on which no audit or review report has been published.

**Directors' Responsibilities for the Unaudited Pro forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant’s Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29 (7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have complied the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

### **CCTH CPA Limited**

*Certified Public Accountants*

Hong Kong

23 January 2020

Kwong Tin Lap

Practising certificate number P01953

## 1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

## 2. SHARE CAPITAL

### (i) Share capital as at the Record Date

<i>Authorised:</i>		<i>HK\$</i>
<u>1,000,000,000</u>	Shares	<u>100,000,000</u>
<i>Issued and fully paid or credited as fully paid:</i>		
<u>404,369,123</u>	Shares	<u>40,436,912.3</u>

### (ii) Immediately following the completion of the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
<u>1,000,000,000</u>	Shares	<u>100,000,000</u>
<i>Issued and fully paid or credited as fully paid:</i>		
404,369,123	Shares in issue as at the Latest Practicable Date	40,436,912.3
<u>202,184,561</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>20,218,456.1</u>
<u>606,553,684</u>	Shares in issue immediately upon completion of the Rights Issue	<u>60,655,368.4</u>

All the Rights Shares to be issued will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and return of capital, and once issued and fully paid, with all the Shares in issue as at the date of allotment and issue of the Rights Shares.

The Company has applied to the Listing Committee 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 share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange. As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived. As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants and there was no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

### **3. DIRECTORS' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

### **4. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS**

None of the Directors had any direct or indirect interest in any assets which had been, since 31 March 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

### **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, there were no existing or proposed service contracts between the Directors and any member of the Group which were not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## 6. SUBSTANTIAL SHAREHOLDERS' INTERESTS

Insofar as known to the Directors, as at the Latest Practicable Date, other than the interests of the Director or chief executive of the Company who had interests or short positions in the shares or underlying shares of the Company, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Name	Capacity/Nature	Number of shares held/ interested in	Approximate percentage of shareholding
Emperor Securities	Underwriter	202,184,561 (Note)	33.33%
Emperor Capital Group Limited	Interest in a controlled corporation	202,184,561 (Note)	33.33%
Albert Yeung Capital Holdings Limited	Interest in a controlled corporation	202,184,561 (Note)	33.33%
TAS Trust (Jersey) Limited	Trustee of a private trust	202,184,561 (Note)	33.33%
Dr. Yeung Sau Shing, Albert	Founder of a private trust	202,184,561 (Note)	33.33%
Ms. Luk Siu Man, Semon	Interest of spouse	202,184,561 (Note)	33.33%
Osman Bin Kitchell	Beneficial owner	70,662,000	17.47%
Wong Hoi Fung	Beneficial owner	49,020,000	12.12%

*Note:*

The 202,184,561 Shares are the Rights Shares in which Emperor Securities is interested under the Underwriting Agreement assuming no Qualifying Shareholders take up their Rights Shares. Emperor Securities is wholly owned by Emperor Capital Investment Holdings Limited, a wholly owned subsidiary of Emperor Capital Group Limited which in turn is owned as to 42.72% by Emperor Capital Group Holdings Limited (a wholly owned subsidiary of Albert Yeung Capital Holdings Limited). Albert Yeung Capital Holdings Limited is held by TAS Trust (Jersey) Limited, a trustee for a private discretionary trust, the founder of which is Dr. Yeung Sau Shing, Albert. Ms. Luk Siu Man, Semon is the spouse of Dr. Yeung Sau Shing, Albert and is deemed or taken to be interested in all the Shares in which Dr. Yeung Sau Shing, Albert has, or is deemed to have, an interest for the purpose of the SFO.

Save as disclosed above, as at Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## 7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## 8. MATERIAL CONTRACTS

The Group had entered into the following material contracts (not being contracts entered into in the ordinary course of the Group's business) within the two years immediately preceding the date of this Prospectus:

- (i) the sale and purchase agreement dated 22 January 2018 (the "S&P Agreement A") entered into among the Alex Film Limited (the "Vendor A"), an indirectly wholly-owned subsidiary of the Company namely Pride Success Enterprises Limited (the "Purchaser A") and Mr. Wong Hoi Fung (the "Guarantor A"), pursuant to which, amongst other things, the Purchaser A had conditionally agreed to acquire, and the Vendor A had conditionally agreed to sell, (a) the 6,000 shares of Filmko Culture Limited (the "Target Company A") held by the Vendor A, representing 60% of all the issued shares of the Target Company A; and (b) the shareholder's loan, at a total consideration of HK\$330,000,000 in aggregate. The consideration would be satisfied partly by cash and partly by the issue and allotment of the consideration shares;
- (ii) the first supplemental agreement to the S&P Agreement A dated 11 April 2018 entered into between the Vendor A, the Purchaser A and the Guarantor A, pursuant to which, amongst other things, the consideration shall be reduced from HK\$330,000,000 to HK\$264,000,000;
- (iii) the second supplemental agreement to the S&P Agreement A dated 21 June 2018 entered into between the Vendor A, the Purchaser A and the Guarantor A, pursuant to which, amongst other things, to (i) amend the sale shares of the Target Company A from 6,000 shares, representing 60% of all the shares issued by the Target Company A to 2,500 shares, representing 25% of all the shares issued by the Target Company A; (ii) remove the sale and purchase of the shareholder's loan from the acquisition; and (iii) the consideration shall be amended from HK\$264,000,000 to HK\$110,000,000.

- (iv) the agreement dated 25 January 2018 and entered into between the Elegance Group Limited (the “Vendor B”), being a wholly-owned subsidiary of the Company, and Raising King Ventures Limited (“the “Purchaser B”), pursuant to which the Vendor B had conditionally agreed to sell the two ordinary shares of Grand River Investment Limited (the “Disposal Company B”), representing all issued shares in the Disposal Company B and procure Elegance Optical Manufactory Limited, being a wholly-owned subsidiary of the Vendor B, to sell the sale loan, and the Purchaser B had conditionally agreed to acquire the sale shares and sale loan for a total consideration of HK\$79,000,000;
- (v) the settlement agreement dated 1 November 2019 entered into between the creditor and the Company in relation to the Statutory Demand pursuant to which, upon the payment of the accrued interest, both the Company and the creditor agreed to extend the maturity date of the debt and that all claims, demands and causes of action against the Company would be released and discharged forever subject to the terms and conditions of the settlement agreement; and
- (vi) the Underwriting Agreement.

## 9. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinions, letters or advices which are contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
CCTH CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group nor did they have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been, since 31 March 2019, being the date to which the latest published audited financial statements of the Group were made up, acquired, disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.



**10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Registered Office</b>	Clarendon House 2 Church Street Hamilton HM11 Bermuda
<b>Head Office and Principal Place of Business in Hong Kong</b>	Unit 2405, 24/F World Wide House 19 Des Voeux Road Central Central Hong Kong
<b>Authorised Representatives</b>	Mr. Chung Yuk Lun Mr. Chan Chung Yin, Victor
<b>Company Secretary</b>	Mr. Chung Yuk Lun
<b>Auditor/Reporting Accountants</b>	CCTH CPA Limited Unit 5–6, 7/F., Greenfield Tower Concordia Plaza 1 Science Museum Road Tsim Sha Tsui, Kowloon Hong Kong
<b>Principal Bankers</b>	DBS Bank (Hong Kong) Limited Head Office G/F, The Center, 99 Queen's Road Central, Central, Hong Kong  Chong Hing Bank Limited Chong Hing Bank Centre 24 Des Voeux Road Central, HK
<b>Principal Share Registrar</b>	Conyers Corporate Services (Bermuda) Limited Clarendon House 2 Church Street Hamilton HM11 Bermuda
<b>Hong Kong Branch Share Registrar</b>	Tricor Tengis Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong

<b>Legal Advisers to the Company in relation to the Rights Issue as to Hong Kong Laws</b>	Holman Fenwick Willan 15th Floor, Tower One, Lippo Centre 89 Queensway Admiralty, Hong Kong
<b>Underwriter</b>	Emperor Securities Limited 23–24/F, Emperor Group Centre 288 Hennessy Road Wanchai, Hong Kong
<b>Financial adviser to the Company</b>	Emperor Capital Limited 23/F, Emperor Group Centre 288 Hennessy Road Wanchai, Hong Kong

## 11. PARTICULARS OF DIRECTORS

**CHUNG YUK LUN**, aged 59, had been an executive director of the Company from 29 September 2018 to 11 January 2019 and was reappointed on 15 July 2019. He is also the company secretary, an authorised representative and a consultant of the Company. Mr. Chung is a fellow member of the Association of Chartered Certified Accountants, an associate member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Institute of Chartered Accountants in England and Wales and an ICAEW Business and Finance Professional. He has approximately 20 years' management experience at board level in a number of listed companies in Hong Kong.

Currently, Mr. Chung is also the company secretary and authorized representative of Life Healthcare Group Limited (stock code: 928) and the company secretary of QPL International Holdings Limited (stock code: 243), both are listed companies in Hong Kong.

**CHAN CHUNG YIN VICTOR**, aged 58, had been an independent non-executive director of the Company from 29 September 2018 to 11 January 2019 and was reappointed as an executive director of the Company on 15 July 2019. He is also an authorised representative of the Company. Mr. Chan obtained his Bachelor of Arts degree from The University of Hong Kong in 1984 and has been admitted as a Solicitor of the High Court of Hong Kong since 1991. He has over 27 years of experience in commercial law, and civil and criminal litigations and is now the principal of his own solicitors firm, Messrs. Victor Chan & Co.

Currently, Mr. Chan is also a non-executive director of On Real International Holdings Limited (stock code: 8245) and an independent non-executive director of KNK Holdings Limited (stock code: 8039), both are listed companies in Hong Kong.

**MAN WAI LUN**, aged 47, has been appointed as an independent non-executive director of the Company since 11 January 2019. He is the chairman of both of the Nomination Committee and the Remuneration Committee and a member of the Audit Committee. Mr. Man obtained his diploma in Business Management from the School of

Continuing Education, Hong Kong Baptist University in April 2003 and obtained a bachelor degree of accountancy from the University of South Australia in March 2007. Mr. Man has over 16 years of experience in accounting.

Currently, Mr. Man is also an executive director of Life Healthcare Group Limited (stock code: 928), an independent non-executive director of Roma Group Limited (stock code: 8072) and the accountant of Glory Flame Holdings Ltd. (stock code: 8059), all are listed companies in Hong Kong. He is one of the directors of HF Financial Holdings (H.K.) Limited which was founded by him.

**CHENG CHUN MAN**, aged 57, has been appointed as an independent non-executive director of the Company since 15 July 2019. He is the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee. Mr. Cheng is a fellow member of the Association of Chartered Certified Accountants and a fellow member of The Hong Kong Institute of Certified Public Accountants. He has over 30 years' experience in accounting, auditing, consulting and management. Currently, Mr. Cheng is also an independent non-executive director of Life Healthcare Group Limited (stock code: 928), a listed company in Hong Kong.

#### **Business address of the Directors**

The business address of the Directors is the same as the Company's head office and principal place of business in Hong Kong located at Unit 2405, 24/F, World Wide House, 19 Des Voeux Road Central, Central, Hong Kong.

## **12. EXPENSES**

The expenses in connection with the Rights Issue, including underwriting commission, financial advising fees, printing, registration, translation, legal and accounting fees are estimated to be approximately HK\$2.0 million and are payable by the Company.

## **13. BINDING EFFECT**

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

## **14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed "Expert and Consent" in this Appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at Unit 2405, 24/F, World Wide House, 19 Des Voeux Road Central, Central, Hong Kong during the period of 14 days from the date of this Prospectus:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the annual reports of the Company for the three financial years ended 31 March 2017, 2018 and 2019 together with the supplemental announcement in relation to the annual report of the Company for the year ended 31 March 2018;
- (iii) the interim report of the Company for the six months ended 30 September 2019;
- (iv) the independent reporting accountants' assurance report on the unaudited pro forma financial information of the Group issued by CCTH CPA Limited set out in Appendix II to this Prospectus;
- (v) the written consent referred to in the paragraph headed "Expert and Consent" in this Appendix; and
- (vi) the material contracts (including the Underwriting Agreement) disclosed in the paragraph headed "Material Contracts" in this Appendix.

**16. GENERAL**

In case of inconsistency, the English text of the Prospectus Documents shall prevail over their respective Chinese text.