
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer 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 this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other registered dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**PROPOSALS INVOLVING
RENEWAL OF GENERAL MANDATES
TO ISSUE SHARES AND TO REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM of Elegance Optical International Holdings Limited to be held at Rooms 1703–1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Monday, 16 March 2020 at 10:00 a.m. is set out on pages 27 to 31 of this circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (<https://www.hkexnews.hk>).

Whether or not you are able to attend the AGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof, should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

14 February 2020

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
1. INTRODUCTION	4
2. GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES	5
3. RE-ELECTION OF RETIRING DIRECTORS	5
4. ADOPTION OF SHARE OPTION SCHEME	6
5. ANNUAL GENERAL MEETING	10
6. RECOMMENDATION	11
7. GENERAL INFORMATION	11
8. RESPONSIBILITY STATEMENTS	11
APPENDIX I — EXPLANATORY STATEMENT	12
APPENDIX II — DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION	15
APPENDIX III — SUMMARY OF PRINCIPAL TERMS OF THE SHARE OPTION SCHEME	17
NOTICE OF ANNUAL GENERAL MEETING	27

DEFINITIONS

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

“Adoption Date”	the date on which the Share Option Scheme is conditionally adopted by an ordinary resolution of the Shareholders;
“AGM”	the annual general meeting of the Company to be held at Rooms 1703–1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong, on Monday, 16 March 2020 at 10:00 a.m. notice of which is set out on pages 27 to 31 of this circular;
“Board”	the board of Directors;
“Bye-law(s)”	the bye-law(s) of the Company;
“close associate(s)”	has the meaning ascribed thereto in the Listing Rules;
“Company”	Elegance Optical International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“core connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Eligible Participant(s)”	(1) any executive or non-executive Director including any independent non-executive Director or any full time employee or part time employee of the Group; or (2) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, promoter and service providers of any member of the Group;
“Grantee”	any Eligible Participant who accepts an offer of a grant of an Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

DEFINITIONS

“inside information”	has the meaning defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time;
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot and issue Shares as set out in the notice convening the AGM;
“Latest Practicable Date”	10 February 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Option(s)”	option(s) to subscribe for Shares granted pursuant to the Share Option Scheme and for the time being subsisting;
“Previous Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders on 16 May 2003 and expired on 15 May 2013;
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase Shares as set out in the notice convening the AGM;
“Rights Issue”	the proposed issue by way of rights of one (1) Rights Share for every two (2) Shares in issue and held by the Shareholders on the record date, details of which are set out in the Company’s announcement dated 23 December 2019 and the Company’s prospectus dated 23 January 2020;
“Rights Share(s)”	Share(s) to be issued and allotted under the Rights Issue;
“Scheme Mandate Limit”	the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Option Scheme”	the share option scheme to be approved and adopted by an ordinary resolution of the Shareholders at the AGM, a summary of the principal terms of which is set out in Appendix III;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of Share(s);

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Codes on Takeovers and Mergers as amended from time to time; and
“%”	per cent.



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 HM 11
Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*

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

14 February 2020

To the Shareholders

Dear Sir or Madam,

**PROPOSALS INVOLVING
RENEWAL OF GENERAL MANDATES
TO ISSUE SHARES AND TO REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The Directors wish to seek the approval of the Shareholders at the AGM for (i) the renewal of the Issue Mandate and the Repurchase Mandate; (ii) the re-election of retiring Directors; and (iii) the adoption of the Share Option Scheme. The purpose of this circular is to provide you with details of these proposals, the relevant information required under the Listing Rules, and to give you notice of the AGM.

LETTER FROM THE BOARD

2. GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES

The Directors will propose ordinary resolutions at the AGM to grant to the Directors:

- (i) the Issue Mandate to allot, issue and otherwise deal with new Shares of not exceeding 20% of the total number of issued Shares as at the date of the AGM and, subject to the Repurchase Mandate mentioned below approved by the Shareholders at the AGM, to add to such mandate any Shares repurchased by the Company pursuant to the Repurchase Mandate by a separate resolution at the AGM; and
- (ii) the Repurchase Mandate to repurchase Shares of not exceeding 10% of the total number of issued Shares as at the date of passing the proposed resolution at the AGM.

As at the Latest Practicable Date, a total of 404,369,123 Shares were in issue. Subject to the passing of the ordinary resolutions approving the Issue Mandate to issue Shares and assuming that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Issue Mandate to issue a maximum of 80,873,824 Shares (representing 20% of the total number of issued Shares as at the Latest Practicable Date). Subject to fulfilment of the conditions of the Rights Issue, 202,184,561 Rights Shares will be allotted and issued between the Latest Practicable Date and the date of the passing of the relevant resolutions at the AGM, and assuming there are no other new Shares are issued and no Shares are repurchased during such period, the total Shares in issue would be 606,553,684. The Company would be allowed under the Issue Mandate to issue a maximum of 121,310,736 Shares.

The Issue Mandate and the Repurchase Mandate will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in the relevant resolutions granting such mandates as set out in the notice of the AGM.

An explanatory statement, as required by the Listing Rules, to give all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to approve the Repurchase Mandate is set out in Appendix I to this circular.

3. RE-ELECTION OF RETIRING DIRECTORS

In the 2018/2019 Annual Report of the Company published on 30 December 2019, it was stated that Mr. Tang, Warren Louis (“**Mr. Tang**”) and Mr. Man Wai Lun (“**Mr. Man**”) shall retire by rotation as Directors at the AGM in accordance with the Bye-laws.

As Mr. Tang resigned as independent non-executive Director of the Company on 31 December 2019, the nomination committee of the Board (the “**Nomination Committee**”) recommended Mr. Cheng Chun Man (“**Mr. Cheng**”) to replace Mr. Tang to stand for re-election at the AGM.

LETTER FROM THE BOARD

All the retiring Directors, being eligible, will offer themselves for re-election.

Particulars of the above Directors proposed for re-election at the AGM, which are required to be disclosed pursuant to the Listing Rules, are set out in Appendix II to this Circular.

Recommendations of the Nomination Committee

The Nomination Committee has reviewed the biographical details of both Mr. Man and Mr. Cheng and their meeting of nomination criteria (including but not limited to, character and integrity, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, time commitment to effectively discharge duties as Board member) and considered the diversity aspects (including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services) and took the view that Mr. Man and Mr. Cheng have been contributing to the Group effectively and are committed to their role as Directors. The Nomination Committee had also assessed the independence of each of Mr. Man and Mr. Cheng based on his annual confirmation of independence and was satisfied with his independence with reference to the criteria as set out in Rule 3.13 of the Listing Rules.

The Board accepted the recommendation by the Nomination Committee for recommending the shareholders to re-elect Mr. Man and Mr. Cheng as Directors at the AGM. Each of them abstained from voting at the Board meeting regarding his nomination.

The Board considered that the re-election of Mr. Man and Mr. Cheng as Directors was in the best interest of the Company and the Shareholders as a whole and recommends the Shareholders to vote for their re-election at the AGM.

Nomination by Shareholders

Any Shareholder who wishes to nominate a person to stand for election as a Director at the AGM must lodge with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong within the period from 21 February 2020 (Friday) to 2 March 2020 (Monday), both days inclusive (i) his/her written nomination of the candidate; (ii) written confirmation from such nominated candidate of his/her willingness to be elected as Director and consent to the publication of his/her personal data; and (iii) the biographical details of such nominated candidate as required under Rule 13.51(2) of the Listing Rules.

4. ADOPTION OF SHARE OPTION SCHEME

Reference is made to the announcement of the Company dated 28 September 2018 in relation to the poll results of the annual general meeting held on the same day whereby the proposed resolution for the adoption of the Share Option Scheme was not approved by the Shareholders.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company does not have any existing share option scheme. The Previous Share Option Scheme of the Company was adopted by the Shareholders on 16 May 2003 and was expired on 15 May 2013. On 28 September 2018, out of the total of 404,369,123 Shares in issue, 149,854,000 Shares (91.04%) were cast against the resolution for the adoption of a share option scheme and so the resolution could not be passed. To the best knowledge of the Directors, Great Panorama International Limited (the “**Substantial Shareholder**”), a substantial Shareholder interested in 70,662,000 Shares (approximately 17.47% of the issued share capital of the Company as at 28 September 2018) had voted against as the Substantial Shareholder had no confidence in the former directors of the Company. Subsequently, on 22 May 2019, the Substantial Shareholder presented a notice of requisition to the former board to convene a special general meeting to remove the former directors of the Company and since then, most former directors of the Company resigned one after the other.

The current Board has duly and carefully considered the adoption of the Share Option Scheme of which the Board considered that it can (i) attract and retain talent; (ii) maintain ongoing business relationship with the Eligible Participants; (iii) align the interests of the Eligible Participants and Shareholders; and (iv) motivate the Eligible Participants to make contribution to the Group, and therefore the Share Option Scheme can foster the long-term development of the Company and is in the interests of the Company and the Shareholders as a whole.

Therefore, it is proposed that at the AGM, an ordinary resolution will be proposed again to the Shareholders to approve the adoption of the Share Option Scheme pursuant to which Options may be granted to the Eligible Participants to subscribe for Shares upon and subject to the terms of the Share Option Scheme.

As at the Latest Practicable Date, no options were granted and remained outstanding under the Previous Share Option Scheme and there were no outstanding warrants or convertible securities of the Company which entitle the holders thereof to convert into or subscribe for any Shares.

Reasons for adoption the Share Option Scheme

The Share Option Scheme is an incentive scheme which provide the Company with a more flexible means to reward, remunerate, compensate and/or provide benefits to Eligible Participants who had made or may make contribution to the growth of the Group. The Share Option Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in the Company with the view to achieving the following principal objectives:

- (i) motivate the Eligible Participants (in case of employee or Directors of the Group) to optimise their performance and efficiency for the benefit of the Group;
- (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants (in case of Eligible Participants other than employees and directors of the Group) whose contributions are, will or expected to be beneficial to the Group; and

LETTER FROM THE BOARD

(iii) align the interests of the Eligible Participants and Shareholders.

The Share Option Scheme intends to cover Eligible Participants including (1) any executive or non-executive Director including any independent non-executive Director or any full time employee or part time employee of the Group; or (2) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, promoters and service providers of any member of the Group.

The Board believes that the inclusion of persons other than the Directors and employees of the Group as Eligible Participants is appropriate given that the success of the Group's business requires a long and sustainable business relationship with the persons who play a role in the business of the Group, including advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group. It is therefore desirable for the Company to align the interests of such parties with those of the Group and to maintain good business relationships with such parties. The grant of share options to such parties is an appropriate mean of achieving such goal, as the share options will offer incentives for the advisors, the consultants and the service provider to provide more valuable recommendation for the sake of the interest of the Group, for the distributors, contractors and customers to maximise the quantity of their orders, for suppliers to offer more economic and quality supplies (including but not limited to the raw materials) to the Group, for the business partner and joint venture business partners to refer or provide more suitable business opportunities, especially in the film investment and distribution industry, to the Group and/or for the promoters and agents to solicit other related film and cultural entertainment industry investment businesses of which the Group has intention to expand, thereby optimising their performance efficiency and benefiting the long-term growth of the Group.

Based on the above, the Board considers that the inclusion of these persons other than the employees and Directors of the Group is appropriate and in the interest of the Company and the Shareholders as a whole.

The terms of the Share Option Scheme provide that in granting Options under the Share Option Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance targets to be achieved before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also determine the subscription price in respect of any Option. The Board believes that the ability for the Board to prescribe at its discretion such terms of the Share Option Scheme will serve to protect the value of the Shares and encourage Eligible Participants to acquire proprietary interests in the Company which will increase the value in line with the contribution by the Eligible Participants to the Company, so as to achieve the purpose of the Share Option Scheme.

LETTER FROM THE BOARD

Conditions of the Share Option Scheme

The adoption of the Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the AGM to approve and adopt the Share Option Scheme and to authorise the Board to grant Options at their absolute discretion thereunder and to allot and issue Shares pursuant to the exercise of any Options; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Options that may be granted under the Share Option Scheme up to 10% of the Shares in issue as at the Adoption Date.

Maximum number of Shares subject to the Share Option Scheme

Subject to the approval of the Shareholders of the adoption of the Share Option Scheme and conditional upon the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares falling to be issued upon exercise of the Options, the Board will have the right to grant Options to Eligible Participants to subscribe for Shares such that the Scheme Mandate Limit shall not exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme by the Shareholders. As at the Latest Practicable Date, there were 404,369,123 Shares in issue. Assuming no Shares will be issued or repurchased from the Latest Practicable Date to the Adoption Date, subject to the Share Option Scheme becoming effective, the Company may grant Options under the Share Option Scheme in respect of which up to 40,436,912 Shares, representing 10% of the Shares in issue, may be issued. Subject to fulfilment of the conditions of the Rights Issue, 202,184,561 Rights Shares will be allotted and issued between the Latest Practicable Date and the Share Option Scheme becoming effective, and assuming there are no other new Shares issued and no Shares are repurchased during such period, the total Shares in issue would be 606,553,684. The Company may grant Options under the Share Option Scheme in respect of which up to 60,655,368 Shares may be issued.

None of the Directors shall be a trustee of the Share Option Scheme or has a direct or indirect interest in any such trustee.

Value of Options

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the value of the Options which have not been determined. Such variables include the subscription price, option period, any lock-up period, any performance targets set and other relevant variables of Options granted.

LETTER FROM THE BOARD

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options that may be granted under the Share Option Scheme.

Document available for inspection

A summary of the principal terms of the rules of the Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in Appendix III to this circular. A copy of the rules of the Share Option Scheme is available for inspection at the Company's head office and principal place of business in Hong Kong at Unit 2405, 24/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

5. ANNUAL GENERAL MEETING

The notice convening the AGM to be held at Rooms 1703–1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Monday, 16 March 2020 at 10:00 a.m. is set out on pages 27 to 31 of this circular. Ordinary resolutions to approve the Issue Mandate, the Repurchase Mandate, the re-election of retiring Directors and the adoption of the Share Option Scheme will be proposed at the AGM.

A form of proxy for use at the AGM is also enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange (<https://www.hkexnews.hk>). Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjournment thereof, should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

The chairman of the AGM will demand for poll to be taken on votes cast on the resolutions proposed at the AGM pursuant to Rule 13.39(4) of the Listing Rules. An announcement on the results of the poll will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/eleganceoptical/>) respectively after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules. As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, none of the Shareholders are required to abstain from voting in the AGM under the Listing Rules.

LETTER FROM THE BOARD

6. RECOMMENDATION

As at the Latest Practicable Date, the Company does not have any plan, intention, agreement or negotiation to (i) repurchase any Shares under the Repurchase Mandate; (ii) issue any Shares under the Issue Mandate; and (iii) grant any Options to any Eligible Participant under the Share Option Scheme.

The Directors consider that the renewal of the Issue Mandate, the Repurchase Mandate, the re-election of Directors and the adoption of the Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions as set out in the notice of the AGM.

7. GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I (Explanatory Statement), Appendix II (Details of retiring Directors proposed for re-election) and Appendix III (Summary of Principal Terms of the Share Option Scheme) to this circular. The English text of this circular shall prevail over the Chinese text.

8. RESPONSIBILITY STATEMENTS

This circular, 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 Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
For and on behalf of the Board
Elegance Optical International Holdings Limited
Chung Yuk Lun
Executive Director

This is the explanatory statement required to be sent to the Shareholders under the Listing Rules to enable the Shareholders to make an informed decision on whether to vote for or against the ordinary resolution in relation to the Repurchase Mandate to be proposed at the AGM.

1. SHARE CAPITAL

As at the Latest Practicable Date, there was a total of 404,369,123 Shares in issue. Subject to the passing of the relevant ordinary resolution at the AGM to approve the Repurchase Mandate to repurchase Shares and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 40,436,912 Shares, representing 10% of the total number of issued Shares of the Company as at the Latest Practicable Date. Subject to fulfilment of the conditions of the Rights Issue, 202,184,561 Rights Shares will be allotted and issued between the Latest Practicable Date and the date of the passing of the relevant resolutions at the AGM, and assuming there are no other new Shares issued and no Shares are repurchased during such period, the total Shares in issue would be 606,553,684. The Company would be allowed under the Repurchase Mandate to repurchase a maximum of 60,655,368 Shares.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earning per Share of the Company and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

Any repurchase of Shares by the Company will be made out of the Company's funds which will otherwise be available for dividends or distributions, or proceeds of a new issue of Shares made for such purposes. In repurchasing Shares, the Company may only apply funds legally available for such purposes in accordance with the Bye-laws, the laws of Bermuda and other applicable laws. As compared with the position disclosed in the Company's most recently published audited financial statements as at 31 March 2019, and taking into the current working capital position of the Company, the Directors consider that there might be a material adverse impact on the working capital and on the gearing position of the Company in the event the proposed repurchases under the Repurchase Mandate were to be carried out in full during the proposed repurchase period.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or its gearing level.

4. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the proposed Repurchase Mandate to repurchase Shares in accordance with the Listing Rules, the applicable laws of Bermuda and the Bye-laws.

5. EFFECT OF THE TAKEOVERS CODE

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

The Directors are currently not aware of any consequences which will arise under the Takeovers Code as a result of any purchase made under the Repurchase Mandate.

6. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, have any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company.

No core connected persons of the Company have notified the Company that he or she has a present intention to sell the Shares to the Company or have undertaken not to sell any of the Shares held by him or her to the Company, in the event that the Company is authorised to make purchases of Shares.

7. SHARE REPURCHASES MADE BY THE COMPANY

The Company has not repurchased any of its Shares (on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

8. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:

Month	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
February 2019	0.456 [^]	0.374 [^]
March 2019	0.520 [^]	0.365 [^]
April 2019	0.383 [^]	0.310 [^]
May 2019	0.328 [^]	0.246 [^]
June 2019	0.315 [^]	0.246 [^]
July 2019*	—	—
August 2019*	—	—
September 2019*	—	—
October 2019*	—	—
November 2019	0.251 [^]	0.180 [^]
December 2019	0.196 [^]	0.151 [^]
January 2020	0.260	0.146 [^]
February 2020 (up to and including the Latest Practicable Date)	0.178	0.151

* *trading suspended*

[^] *adjusted for the effect of the Rights Issue*

The following are the details of the Directors due to retire and proposed to be re-elected at the AGM:

MR. MAN WAI LUN

Independent Non-executive Director

Mr. Man, 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. He 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. He was previously an executive director and compliance officer of Glory Flame Holdings Limited (stock code: 8059) for the period from 26 October 2016 to 19 September 2018.

Currently, Mr. Man is the executive director of Life Healthcare Group Limited (stock code: 928), the independent non-executive director of Roma Group Limited (stock code: 8072) and China Trustful Group Limited (stock code: 8265) 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.

There is no service contract between Mr. Man and the Company. Under the letter of appointment entered into between Mr. Man and the Company, there was no fixed term of service but his employment may be terminated at any time on expiry of not less than one month's written notice given by either party. His directorship in the Company is subject to retirement and re-election at general meetings of the Company in accordance with the By-laws.

Mr. Man is entitled to receive a director's fee of HK\$10,000 per month. His remuneration package is determined by the Board with recommendation of the Remuneration Committee after considering a range of factors including the duties and responsibilities undertaken by him as a director of the Company.

As at the Latest Practicable Date, save as disclosed above, (i) Mr. Man did not have any interest in the Company within the meaning of Part XV of the SFO; (ii) Mr. Man did not have any relationships with other Directors, senior management of the Company, or substantial or Controlling Shareholders; (iii) there was no other information relating to the re-election of Mr. Man that should be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules; (iv) Mr. Man did not hold any directorship in other listed companies in Hong Kong or overseas in the last three years; and (v) there were no other matters concerning the re-election of Mr. Man that need to be brought to the attention of the Shareholders.

MR. CHENG CHUN MAN*Independent Non-executive Director*

Mr. Cheng, 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.

There is no service contract between Mr. Cheng and the Company. Under the letter of appointment entered into between Mr. Cheng and the Company, there was no fixed term of service but his employment may be terminated at any time on expiry of not less than one month's written notice given by either party. His directorship in the Company is subject to retirement and re-election at general meetings of the Company in accordance with the By-laws.

Mr. Cheng is entitled to receive a director's fee of HK\$10,000 per month. His remuneration package is determined by the Board with recommendation of the Remuneration Committee after considering a range of factors including the duties and responsibilities undertaken by him as a director of the Company.

As at the Latest Practicable Date, save as disclosed above, (i) Mr. Cheng did not have any interest in the Company within the meaning of Part XV of the SFO; (ii) Mr. Cheng did not have any relationships with other Directors, senior management of the Company, or substantial or Controlling Shareholders; (iii) there was no other information relating to the re-election of Mr. Cheng that should be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules; (iv) Mr. Cheng did not hold any directorship in other listed companies in Hong Kong or overseas in the last three years; and (v) there were no other matters concerning the re-election of Mr. Cheng that need to be brought to the attention of the Shareholders.

The following is a summary of the principal terms of the rules of the Share Option Scheme proposed to be adopted at the AGM.

1. PURPOSE OF THE SCHEME

The Share Option Scheme is an incentive scheme which provide the Company with a more flexible means to reward, remunerate, compensate and/or provide benefits to Eligible Participants who had made or may make contribution to the growth of the Group. The Share Option Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in the Company with the view to achieving the following principal objectives:

- (i) motivate the Eligible Participants (in case of employee or Directors of the Group) to optimise their performance and efficiency for the benefit of the Group;
- (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants (in case of Eligible Participants other than employees and directors of the Group) whose contributions are, will or expected to be beneficial to the Group; and
- (iii) align the interests of the Eligible Participants and Shareholders.

2. ELIGIBLE PARTICIPANTS OF THE SHARE OPTION SCHEME AND ELIGIBILITY CRITERIA

The Board may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares:

- (1) any executive or non-executive Director including any independent non-executive Director or any full time employee or part time employee of the Group; or
- (2) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, promoter and service providers of any member of the Group.

Under the Share Option Scheme, the Directors are entitled, at its discretion, to determine the eligibility of the Eligible Participants, such as performance conditions, or targets to be achieved, included individual performance, time commitment, responsibilities and employment conditions according to the prevailing market practice and industry standard (in case of employees or directors of the Group), and potential and/or actual contribution to the business affairs of and benefits to the Group (in case of the Eligible Participants other than employees and directors of the Group) during the financial year. Such determination may vary on a case by case basis but no such term(s) shall be imposed and the result of which will be to the advantage of the Eligible Participants.

3. MAXIMUM NUMBER OF SHARES WHICH MAY BE ISSUED

- (a) The total number of Shares which may be issued upon exercise of all Options which may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed ten per cent. (10%) of the total number of Shares in issue as at the date on which this scheme was approved and adopted by the Shareholders, unless the Company obtains a refresh approval from the Shareholders pursuant to paragraph (b) below. Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.
- (b) The Company may seek approval of the Shareholders in general meetings to renew the Scheme Mandate Limit provided that the Scheme Mandate Limit so renewed must not exceed ten per cent. (10%) of the Shares in issue at the date of the approval of the renewal by the Shareholders. Upon any such renewal, all options granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme and any other share option schemes of the Company and exercised options) prior to the approval of such renewal shall not be counted for the purpose of calculating whether the renewed Scheme Mandate Limited has been exceeded. In seeking the approval, the Company shall send a circular to the Shareholders.
- (c) The Company may grant Options to Eligible Participant(s) beyond the Scheme Mandate Limit if the grant of such Options is specifically approved by the Shareholders in general meeting. In seeking such approval, a circular must be sent to the Shareholders containing a generic description of the identified Eligible Participant(s), the number and terms of the Options to be granted, the purpose of granting Options to the identified Eligible Participant(s), and how the terms of these Options serve such purpose.

Notwithstanding the above, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and options which may be granted under any other share option schemes of the Company shall not exceed thirty per cent. (30%) of the total number of Shares in issue from time to time.

4. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

- (a) The total number of Shares issued and to be issued upon exercise of the Options granted under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding Options) to each Eligible Participant in any 12-month period must not exceed 1 per cent (1%) of the then total number of Shares in issue (the “**Individual Limit**”).

- (b) Any further grant of Options to an Eligible Participant in excess of the Individual Limit (including exercised, cancelled and outstanding Options) in any 12-month period up to and including the date of such further grant must be subject to the Shareholders' approval in general meeting of the Company with such Eligible Participant and his close associates (or his/her associates if the Eligible Participant is a connected person) abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of the identified Eligible Participant(s), the number and terms of the Options granted and to be granted, the number and terms of Options to be granted to such identified Eligible Participant(s) must be fixed before the Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

5. GRANT OF OPTIONS TO CONNECTED PERSONS

- (a) Each grant of Options to a Director, chief executive, management shareholder or substantial shareholder of the Company, or any of their respective associates (as defined in the Listing Rules) must comply with the requirements of the Listing Rules. Each grant of Options to any of these persons must be approved by independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the Options).
- (b) Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
- (i) representing in aggregate over 0.1 per cent (0.1%) of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000;

such further grant of Options must be approved by the Shareholders on a poll in a general meeting. All connected persons of the Company must abstain from voting in favour at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting subject to the requirements of the Listing Rules. A Shareholders' circular must be prepared by the Company explaining the proposed grant of Option, disclosing the number and terms of the Option (including the subscription price) proposed to be granted and the recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Option) as to voting. Any change in the terms of the Options granted to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates must be approved by the Shareholders in general meeting.

6. TIME OF ACCEPTANCE AND EXERCISE OF AN OPTION

An offer of grant of an Option may be accepted by an Eligible Participant within 28 days from the date of the offer of grant of the Option. A consideration of HK\$1 is payable on acceptance of the offer of grant of an Option. To the extent that the offer of grant of an Option is not accepted within twenty-eight (28) days from the date on which the offer for the grant of Options is made in the manner indicated herein, it will be deemed to have been irrevocably declined and lapsed automatically.

An Option shall be exercisable in whole or in part and in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each Grantee, which period may commence on the day on which the offer for the grant of Options is made but shall end in any event not later than 10 years from the date the Board makes an offer of the grant of an Option subject to the provisions for early termination thereof. Directors have discretion to impose a minimum period for which an Option has to be held before the exercise of the subscription rights attaching thereto on case by case basis.

Unless the Directors otherwise determined and stated in the offer of the grant of Options to an Eligible Participant, there is no minimum period for which an Option granted under the Share Option Scheme must be held before it can be exercised.

7. PERFORMANCE TARGETS

Unless the Directors otherwise determined and stated in the offer of the grant of Options to an Eligible Participant, an Eligible Participant is not required to achieve any performance targets before any Options granted under the Share Option Scheme can be exercised. Directors have discretion to impose the performance targets restriction on case by case basis.

8. SUBSCRIPTION PRICE FOR SHARES

Subject to the adjustment made in accordance with the terms of the Share Option Scheme, the subscription price in respect of any particular Option shall be such price as determined by the Board in its absolute discretion at the time of making the offer of grant of an option (which shall be stated in the letter containing the offer of grant of an option) but in any case the subscription price must be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading day immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares. Without prejudice to the generality of the foregoing, the Directors may grant Options in respect of which the subscription price is fixed at different prices for different periods during the Option period provided that the subscription price for Shares for each of the different periods shall not be less than the subscription price determined in the manner set out herein.

9. RANKING OF SHARES

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders of Options to participate in voting, transfer and other rights including those arising on liquidation of the Company, and all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

No Grantee shall enjoy any rights of a Shareholder by virtue of the grant of an Option pursuant to the Share Option Scheme, unless and until Shares are actually issued to the Grantee pursuant to the exercise of an Option. The Options do not carry any right to vote in general meeting of the Company, or the right to dividend and other rights, including those arising on a liquidation of the Company.

10. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

The Company may not grant any options after inside information has come to its knowledge until it has announced the information. In particular, no Eligible Participant shall be granted an Option during the period commencing one month immediately preceding the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. For the avoidance of doubt, the period in which no Options shall be granted mentioned above shall include any period of delay in the publications of a results announcement.

The Board may not grant any Option to an Eligible Participant who is a Director during the periods or times in which Directors are prohibited from dealing in shares pursuant to the Listing Rules or the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

11. LIFE OF THE SHARE OPTION SCHEME

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but the provisions of the Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any Options granted prior thereto but not exercised before the termination of the Share Option Scheme will continue to be exercisable and valid. The terms and conditions of the Share Option Scheme including those governing the mode of exercise of an Option will continue in full force and effect with the exception that no further Option will be granted. Subject to the aforesaid, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the day on which the Share Option Scheme becomes effective, after which period no further Options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects.

12. RIGHTS ON CEASING EMPLOYMENT

If the Grantee of an Option is an Employee and ceases to be an Employee for any reason other than death or serious misconduct or other grounds referred to in sub-paragraph 15 below before exercising his Option in full, the Option (to the extent which has become exercisable and not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the Option (to the extent which has become exercisable and not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

13. RIGHTS ON CEASING TO BE AN ELIGIBLE PARTICIPANT

If the Grantee of an Option, who is not an Employee, ceases to be an Eligible Participant by reason other than death, the grantee of an Option shall be entitled within a period of one (1) month from the date of cessation (or such longer period as the Board may determine) to exercise the Option (to the extent which has become exercisable and not already exercised).

14. RIGHTS ON DEATH

If the Grantee of an Option ceases to be an Eligible Participant by reason of death before exercising the Option in full (provided that none of the events which would be a ground for termination of his or her employment under sub-paragraph (o) below arises prior to his or her death), the legal personal representative of this grantee shall be entitled within a period of 12 months from the date of death (or such longer period as the Board may determine) to exercise the Option (to the extent which has become exercisable and not already exercised).

15. RIGHTS ON DISMISSAL

If the Grantee of an Option is an Employee and ceases to be an Employee by reason that he has been guilty of misconduct or has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Employee's service contract with the Company or the relevant subsidiary of the Group or the relevant Invested Entity, his or her Option will lapse automatically on the date the Grantee ceases to be an Employee.

16. RIGHTS ON BREACH OF CONTRACT

If the Directors at their absolute discretion determine that the Grantee of any Option (other than an Employee) or his or her associate has committed any breach of any contract entered into between the Grantee or his or her associate on the one part and the Group or any Invested Entity on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally, the Directors shall determine that the outstanding Options granted to the Grantee shall lapse. In such event, his or her Options will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

17. RIGHTS ON A GENERAL OFFER

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders of the Company. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his or her Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in exercise of his or her Option at any time before the close of such offer (or any revised offer). Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

18. RIGHTS ON WINDING UP

In the event of an effective resolution being proposed for the voluntary winding-up of the Company during the option period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time no later than two (2) business days prior to the date on which such resolution is to be passed, exercise his or her

Option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and shall accordingly be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his or her Option, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the Shares in issue on the date prior to the date of the passing of the resolution to wind-up the Company. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date of the commencement of the winding-up of the Company.

19. RIGHTS ON COMPROMISE OR ARRANGEMENT BETWEEN THE COMPANY AND ITS CREDITORS

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement, and thereupon any Grantee (or his or her legal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his or her Option (to the extent which has become exercisable and not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her Option so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date the proposed compromise or arrangement becomes effective.

20. EFFECT OF ALTERATIONS TO CAPITAL

In the event of any alterations in the capital structure of the Company whether by way of a capitalization issue, rights issue, sub-division or consolidation of Shares or reduction of capital whilst any Option remains exercisable, such corresponding alterations (if any) certified by an independent financial advisor or the auditors of the Company for the time being as fair and reasonable shall be made to (i) the number or nominal amount of Shares which are the subject of unexercised Options; (ii) the Subscription Price; (iii) the method of exercise of the Options; and/or (iv) the maximum number of Shares subject to the Share Option Scheme; provided that any such alterations shall be made on the basis that the proportion of the issued share capital of the Company to which the Grantee was entitled shall remain the same at the date immediately before and after such consolidation or subdivision and no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. Any alterations shall be made in compliance with such rules, codes and guidance notes of the Stock Exchange from time to

time. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

21. CANCELLATION OF OPTIONS

Any cancellation of any Option (which has been granted but not yet exercised) shall be conditional on the approval by the Board and the option holder(s) concerned.

In the event that the Board elects to cancel Options and issues new Options to the same Option holder, the issue of such new Options shall be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit or the refreshed limit, as the case may be.

22. TERMINATION OF THE SHARE OPTION SCHEME

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but the provisions of the Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any Options granted prior thereto but not exercised before the termination of the Share Option Scheme will continue to be exercisable and valid. The terms and conditions of the Share Option Scheme including those governing the mode of exercise of an Option will continue in full force and effect with the exception that no further Option will be granted. Subject to the aforesaid, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the day on which the Share Option Scheme becomes effective, after which period no further Options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects.

23. RIGHTS ARE PERSONAL TO THE GRANTEE

An Option is personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option.

24. LAPSE OF OPTION

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the period referred to in paragraph 6 above;
- (b) unless the Board determines otherwise, the expiry of the period referred to in paragraph 11 above;
- (c) the expiry of the periods or dates referred to in paragraphs 13, 14, 15, 16 and 19 above;

- (d) subject to paragraph 18 above, the date of the commencement of the winding-up of the Company;
- (e) the date on which the offer (or, as the case may be, the revised offer) referred to in paragraph 17 above closes;
- (f) the date on which a breach of the provision of paragraph 16 above is committed.

25. ALTERATIONS TO THE SHARE OPTION SCHEME

The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme relating to (i) any changes to the definitions of Eligible Participant and Grantee and option period; (ii) matters set out in Rule 17.03 of the Listing Rules to the advantage of Eligible Participants; (iii) the terms and conditions of the Share Option Scheme which are of a material nature; or (iv) any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme (except where such alterations take effect automatically under the existing terms of the Share Option Scheme) shall not be made except with the prior sanction of a resolution by the Shareholders, provided that no such alterations shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alterations except with the consent or sanction in writing of such number of Grantees who shall together hold Options in respect of not less than three-fourths in nominal value of all Shares that to be issued on exercise of the Options granted under the Share Option Scheme.

The amended terms of the Share Option Scheme or the Options must comply with the relevant requirements of Chapter 17 of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that the annual general meeting of Elegance Optical International Holdings Limited (the “**Company**”) will be held at Rooms 1703-1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Monday, 16 March 2020 at 10:00 a.m. to transact the following businesses:

AS ORDINARY BUSINESSES:

1. To receive and adopt the audited consolidated financial statements of the Company for the year ended 31 March 2019 together with the reports of the directors and auditors thereon.
2. To re-elect Mr. Man Wai Lun as an independent non-executive director of the Company.
3. To re-elect Mr. Cheng Chun Man as an independent non-executive director of the Company.
4. To authorise the board of directors of the Company (the “**Board**” or “**Directors**”) to fix the remuneration of the directors of the Company.
5. To re-appoint CCTH CPA Limited as auditors and authorise the Board to fix their remuneration.

AS SPECIAL BUSINESSES:

To consider and, if thought fit, pass, with or without amendments, the following resolutions, which will be proposed as ordinary resolutions of the Company:

6. “**THAT:**

- (A) subject to paragraph (C) of this resolution below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal in additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (B) the Directors be and are hereby authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;
- (C) the total number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (A) and (B) of this resolution above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the bye-laws of the Company or a specific authority granted or to be granted by the shareholders of the Company, shall not exceed 20% of the total number of shares of the Company in issue as at the close of business on the date on which this resolution is passed; and
- (D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or the applicable laws of Bermuda to be held; or
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares or issue of options, warrants or other securities carrying rights to convert into or subscribe for shares of the Company open for a period fixed by the Directors to holders of shares in the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

NOTICE OF ANNUAL GENERAL MEETING

7. “**THAT:**

- (A) subject to paragraph (C) of this resolution below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase its own issued shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;
- (B) the approval in paragraph (A) of this resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure or authorise repurchases of shares of the Company by itself or agents or nominees on behalf of the Company or its subsidiary, as the case may be, at a price and on such terms as determined by the Directors and to make, grant or enter into offers, agreements and other arrangements which might require the exercise of such powers during or after the end of the Relevant Period, in all circumstances in accordance with the applicable laws and regulations in Hong Kong;
- (C) the total number of shares of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (A) of this resolution above during the Relevant Period shall not exceed 10% of the total number of issued shares of the Company as at the time of passing this resolution; and
- (D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or the applicable laws of Bermuda to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

8. “**THAT** conditional upon the passing of ordinary resolution nos. 6 and 7 set out above, the total number of shares of the Company which are repurchased by the Company pursuant to and in accordance with the said ordinary resolution no. 7 shall be added to the total number of shares of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with the ordinary resolution no. 6, provided that such extended number of shares shall not exceed 10% of the total number of issued shares of the Company as at the close of business on the date on which ordinary resolution no. 7 is passed.”

9. “**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange of granting the listing of, and permission to deal in, the shares of the Company which may fall to be allotted and issued pursuant to the exercise of options granted under the proposed share option scheme of the Company (the “**Share Option Scheme**”) (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for identification purpose), the principal terms of the Share Option Scheme be and are hereby approved and the Directors be authorised to grant options and allot and issue shares of the Company pursuant to the Share Option Scheme, and that the Directors be and are hereby authorised to do all such acts and to enter into all such transactions and arrangements as may be necessary and expedient in order to give effect to the Share Option Scheme, provided that the total number of shares which may be allotted or issued upon exercise of all share options granted thereunder shall not exceed 10% of the total number of issued shares of the Company as at the close of business on the date on which this resolution is passed.”

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

Hong Kong, 14 February 2020

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares in the capital of the Company may appoint more than one proxy to represent him and vote on his behalf at a meeting of the Company. A proxy need not be a member of the Company.

2. The instrument appointing a proxy shall be in writing signed under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

NOTICE OF ANNUAL GENERAL MEETING

3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
4. In order to ascertain shareholders' right to attend and vote at the meeting, all transfers of shares, accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, not later than 4:30 p.m. on 10 March 2020 (Tuesday).
5. Where there are joint holders of any share, any one of such joint holder may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of the bye-laws of the Company be deemed joint holders thereof.
6. Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this Notice will be decided by poll at the meeting. Where the Chairman in good faith decides to allow a resolution which relates purely to a procedural or administrative matter to be voted, such resolution will be decided by show of hands.
7. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 8:00 a.m. and before the above meeting time, the meeting will be postponed. The Company will post an announcement on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/eleganceoptical>) to notify shareholders of the date, time and place of the rescheduled meeting.