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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

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On 20 October 2021 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 174,000,000 Subscription Shares at the Subscription Price of HK\$0.93 per Subscription Share.

The Subscription Shares represent approximately 19.93% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.62% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming no issue or repurchase of Shares other than the issue of the Subscription Shares). The Subscription Shares to be subscribed under the Subscription Agreement will be issued under the General Mandate.

The Subscription Price of HK\$0.93 per Subscription Share represents

- (i) a discount of approximately 19.83% to the closing price of HK\$1.16 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 14.68% to the average closing price of approximately HK\$1.09 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Subscription Agreement.

The total Subscription Price (without any deduction or set off) of the Subscription will be approximately HK\$161.8 million.

The Company intends to apply the net proceeds from the Subscription in the following aspects (i) approximately HK\$150 million for the settlement of the subscription price in relation to the transaction of the Company contemplated under the subscription agreement dated 9 August 2021 (details of which were disclosed in the Announcements); and (ii) approximately HK\$11.6 million for the general working capital of the Group.

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

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

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 20 October 2021 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 174,000,000 Subscription Shares at the Subscription Price of HK\$0.93 per Subscription Share.

General Mandate

Under the General Mandate, the Company is authorised to issue up to 174,572,736 Shares. Up to the date of this announcement, no Shares have been issued under the General Mandate. The maximum number of new Shares which could be issued by the Company under the General Mandate is 174,572,736 Shares. As such, the General Mandate is sufficient for allotment and issue of the maximum of 174,000,000 Subscription Shares. Accordingly, the issue of the Subscription Shares is not subject to the approval of the Shareholders.

Set out below is a summary of the principal terms of the Subscription Agreement:

THE SUBSCRIPTION AGREEMENT

Date: 20 October 2021 (after trading hours)

Parties: (a) The Company
(b) The Subscriber

The Subscriber is a company incorporated in Hong Kong with limited liability and is primarily engaged in investment activities and manages funds for high-value customers including members of the Saudi Royal family. It is ultimately wholly-owned by Mr. Hassan Omer Arteh who is a sophisticated investor with extensive experience in foreign trade and international business development. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are Independent Third Parties.

Number of Subscription Shares

The Subscription Shares represent approximately 19.93% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.62% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming no issue or repurchase of Shares other than the issue of the Subscription Shares). The Subscription Shares to be subscribed under the Subscription Agreement will be issued under the General Mandate. The aggregate nominal value of the Subscription Shares is HK\$1,740,000.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares then in issue.

Subscription Price

The Subscription Price for the Subscription Shares is HK\$0.93 per Subscription Share and represents:

- (i) a discount of approximately 19.83% to the closing price of HK\$1.16 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 14.68% to the average closing price of approximately HK\$1.09 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the Subscription Agreement.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares. The Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscription Agreement

Completion of the Subscription Agreement is conditional upon fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked approval for the listing of, and permission to deal in the Subscription Shares to be issued under the Subscription;

- (ii) the compliance of any other requirements under the Listing Rules and the Takeovers Code or otherwise of the Stock Exchange and the Securities and Futures Commission which requires compliance in relation to the Subscription and the issue of the Subscription Shares;
- (iii) there being no material breach of the representations and warranties of the Company under the terms of the Subscription Agreement; and
- (iv) the Subscription Agreement not having been terminated in accordance with its terms.

If any of the above conditions is not fulfilled on or before 29 October 2021 (or such later date as may be agreed between the Company and the Subscriber in writing), the Subscription Agreement shall terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise apart from any antecedent breaches of any provisions thereof.

Completion of the Subscription

Completion of the Subscription Agreement shall take place within three Business Days after the fulfilment of the conditions as set out in the Subscription Agreement or such other date as the Company and the Subscriber may agree in writing.

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

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and trading of optical frames and sunglasses, property investment, investment in debts and securities and film investment and distribution business and energy business.

The total Subscription Price (without any deduction or set off) from the Subscription will be approximately HK\$161.8 million and the net proceeds from the Subscription (after deducting the relevant expenses) will be approximately HK\$161.6 million. The Company intends to apply the net proceeds in the following aspects (i) approximately HK\$150 million for the settlement of the subscription price in relation to the transaction of the Company contemplated under the subscription agreement dated 9 August 2021 (details of which were disclosed in the Announcements); and (ii) approximately HK\$11.6 million for the general working capital of the Group.

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

EFFECT ON SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Subscription is as follows:

Name of Shareholders	As at the date of this announcement		Immediately after completion of the Subscription	
	Number of Shares	Approximate %	Number of shares	Approximate %
Substantial Shareholder:				
Osman Bin Kitchell	142,297,719	16.30	142,297,719	13.59
The Subscriber	-	-	174,000,000	16.62
Director:				
Wong Chong Fai	45,000,000	5.16	45,000,000	4.30
Public Shareholders:				
Others	685,565,965	78.54	685,565,965	65.49
Total	<u>872,863,684</u>	<u>100.00</u>	<u>1,046,863,684</u>	<u>100.00</u>

EQUITY FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

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

Date of announcement	Fundraising activity	Net proceeds	Intended use of net proceeds	Actual use of net proceeds as at the date of this announcement
19 January 2021	Subscription and placing under general mandate	Approximately HK\$54.1 million	-	-
			approximately HK\$39.1 million for possible investments and potential business enhancement strategies in favour of the Company in future, including but not limited to investment in debts and securities, film investment projects, energy related business and other potential business development, when such opportunities arise;	HK\$39.1 million had been used for investment and acquisition
			-	approximately HK\$9.8 million has been used as general working capital
			-	approximately HK\$15.0 million for general working capital of the Group

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

WARNING OF THE RISKS OF DEALING IN THE SHARES

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

”Announcements”	the announcements of the Company dated 9 August 2021 and 19 August 2021
“Board”	board of Directors
“Business Day(s)”	any day (other than a Saturday or Sunday or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for general banking business
“Company”	Elegance Optical International Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 907)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 25 August 2021 to allot, issue and deal with new shares of the Company up to 20% of the issued Shares as at the date thereof
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) at par value of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Kingdom Investment Corporation Limited, a company incorporated in Hong Kong, the subscriber under the Subscription Agreement, being an independent third party to the Company
“Subscription”	the subscription of the Subscription Shares pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company and the Subscriber on 20 October 2021 in respect of the Subscription
“Subscription Price”	HK\$0.93 per Subscription Share
“Subscription Shares”	the 174,000,000 new Shares to be allotted and issued by the Company to the Subscriber or its nominees pursuant to the terms and conditions of the Subscription Agreement
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeover code”	the Hong Kong Code on Takeovers and Mergers

“%”

per cent.

By order of the Board
Elegance Optical International Holdings Limited
Wong Chong Fai
Executive Director

Hong Kong, 20 October 2021

As at the date of this announcement, the executive Directors are, Mr. Yu Baodong, Mr. Chung Yuk Lun and Mr. Wong Chong Fai; and the independent non-executive Directors are Mr. Man Wai Lun, Mr. Cheng Chun Man and Mr. Hui Man Ho, Ivan.