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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)

VOLUNTARY ANNOUNCEMENT

BUSINESS UPDATE AND COMMENCEMENT OF NEW BUSINESS ACTIVITY

This announcement is made by Elegance Optical International Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) on a voluntary basis. The purpose of this announcement is to keep the shareholders of the Company (the “**Shareholders**”) and potential investors informed of the latest business development of the Group.

ACQUISITION

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 27 October 2017 (after trading hours), Pride Success Enterprises Limited (榮成企業有限公司) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, and Filmko Pictures Co., Limited* (星皓影業有限公司) (the “**Vendor**”) entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the entire equity interest of Filmko Pictures (Hong Kong) Co., Limited (星皓影業(香港)有限公司) (the “**Target Company**”). The consideration for the acquisition of the Target Company was determined on an arm’s length basis with reference to certain factors including the net asset value according to the management account of the Target Company as at 30 September 2017.

The Target Company is principally engaged in films distribution. Prior to the signing of the Sale and Purchase Agreement, the Target Company owns the sole distributorship and other rights in respect of four films produced or released by the Vendor for Hong Kong and territories around the world except for Mainland China, including a film tentatively to be released in the lunar new year of 2018.

Completion of the acquisition of the Target Company (the “**Completion**”) took place immediately following the signing of the Sale and Purchase Agreement. At Completion, the Vendor has entered into a global film distribution master agreement (the “**Global Distribution Agreement**”) with the Target Company, under which the Target Company was granted sole distributorship and other rights in respect of all films to be produced by the Vendor within 15 years commencing on the date of the Global Distribution Agreement for Hong Kong and territories around the world except for Mainland China. Immediately after Completion, the Purchaser owns the entire issued shares of the Target Company and will consolidate the results of the Target Company in the financial statements of the Group.

To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, the Vendor is a party who is independent of and not connected with the Company and its connected persons as at the date of this announcement.

As none of the applicable percentage ratios in respect of the Sale and Purchase Agreement and the transaction contemplated thereunder are more than 5%, the Sale and Purchase Agreement and the transactions contemplated thereunder are therefore not subject to the notification and announcement requirements under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

NEW BUSINESS

Immediately after Completion, the Group would commence a new business segment of films distribution (the "**New Business Activities**").

The Group is principally engaged in the manufacture and trading of optical frames and sunglasses, property investment, securities investment and money lending. As mentioned in the Company's annual report for the financial year ended 31 March 2017, in the immediate future, the Company will look for appropriate business and investment opportunities with the aim of diversifying the Company's business and income streams, and assess potential acquisitions or mergers for expansion of business segments of the Group. The Board considers that the New Business Activities will diversify the Group's business and broaden its revenue base. In addition, the distribution and other rights granted or to be granted to the Target Company will provide new business opportunities such as brand endorsement to the Group particularly in relation to the original design and manufacture of optical frames, handbags and sunglasses. Accordingly, the Board is of the view that the commencement of the New Business Activities will create a synergy effect with the existing business of the Group, diversify investments and generate additional investment returns, which will be beneficial to the interest of the Company and its shareholders as a whole. The Group intends to finance the New Business Activities by its internal resources.

By order of the Board
Elegance Optical International Holdings Limited
Wong Chi Yan
Executive Director

* *For identification purpose only.*

Hong Kong, 27 October 2017

As at the date of this announcement, the executive Directors are Ms. Wong Chi Yan, Mr. Chan Wai Kit, Ms. Liu Shufeng and Ms. Ma Yilin and the independent non-executive Directors are Mr. Chan Wei, Mr. Chan Ming Kei, Mr. Wan Kit Man, Tony and Mr. Chen Youchun.