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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)

**MAJOR TRANSACTION
IN RELATION TO THE ACQUISITION OF 60% OF ALL THE ISSUED
SHARES OF FILMKO CULTURE LIMITED AND
SHAREHOLDER'S LOAN OWING BY
FILMKO ENTERTAINMENT LIMITED
INVOLVING ISSUE OF
NEW SHARES UNDER SPECIFIC MANDATE**

Financial adviser to the Company



英皇融資有限公司
Emperor Capital Limited

THE ACQUISITION

The Board is pleased to announce that on 22 January 2018 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the S&P Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, (a) the Sale Shares, representing 60% of all the issued shares of the Target Company; and (b) the Shareholder's Loan, at a total consideration of HK\$330,000,000 in aggregate. The Consideration will be satisfied partly by cash and partly by the issue and allotment of the Consideration Shares.

LISTING RULES IMPLICATIONS

As the Acquisition was entered into within 12 months after completion of the Previous Acquisition, and the Vendor is an associate (as defined in Rule 14A.06(2) of the Listing Rules) of the vendor of the Previous Acquisition, for the purpose of calculating the percentage ratios (as defined in Rule 14.07 of the Listing Rules) the Combined Acquisitions shall be treated as if they were one transaction pursuant to Rule 14.22 of the Listing Rules. As one or more of the aggregate applicable percentage ratios, in respect of the Combined Acquisitions exceed 25%, but are all less than 100%, the transactions under the Combined S&P Agreements constitute a major transaction for the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other things, (i) the S&P Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate to issue and allot the Consideration Shares.

A circular containing, among other things, (i) further details of the S&P Agreement and the transactions contemplated thereunder; (ii) the financial information of the Target Group; (iii) the financial and other information of the Group; (iv) the unaudited pro forma financial information of the Group as enlarged by the Acquisition; (v) the valuation report to be prepared by an independent valuer on the Target Group; (vi) the notice of the SGM; and (vii) other information as required under the Listing Rules, will be despatched to the Shareholders as soon as possible. As additional time is required for the Company and the professional parties to prepare the relevant information for inclusion in the circular, the circular is expected to be despatched to the Shareholders on or before 31 March 2018.

As Completion is subject to the fulfillment or waiver (as the case may be) of various conditions precedent as set out in the S&P Agreement, the Acquisition and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE ACQUISITION

The Board is pleased to announce that on 22 January 2018 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the S&P Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, (a) the Sale Shares, representing 60% of all the issued shares of the Target Company; and (b) the Shareholder's Loan at a total consideration of HK\$330,000,000 in aggregate. The Consideration will be satisfied partly by cash and partly by the issue and allotment of the Consideration Shares.

THE S&P AGREEMENT

Date

22 January 2018 (after trading hours)

Parties

Purchaser: Pride Success Enterprises Limited (榮成企業有限公司), a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company

Vendor: Alex Film Limited, a company incorporated in the BVI with limited liability

Guarantor: Mr. Wong Hoi Fung, the legal and beneficial owner of 72% of the issued share capital of Alex Film Limited

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Vendor and the Guarantor is an independent third party of the Company, and not connected with the Company or connected persons of the Company.

Subject matters of the Acquisition

Pursuant to the S&P Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, subject to fulfilment or waiver (as the case may be) of the conditions precedent, (a) the Sale Shares, representing 60% of all the issued shares of the Target Company; and (b) the Shareholder's Loan.

Unless the purchase of all the Sale Shares and the Shareholder's Loan is completed simultaneously, the Purchaser shall not be obliged to complete the purchase of any of the Sale Shares and/or the Shareholder's Loan.

Consideration

The Consideration for the Acquisition is HK\$330,000,000, comprising (a) the Sale Shares Consideration in the sum of HK\$240,665,893 for sale and purchase of the Sale Shares; and (b) the Shareholder's Loan Consideration in the sum of HK\$89,334,107 for sale and purchase of the Shareholder's Loan being the dollar-to-dollar equivalent of the amount of the Shareholder's Loan.

The Consideration shall be settled by the Purchaser to the Vendor as follows:

- (a) as to HK\$95,000,000 by cash to be paid to the Vendor as follows: (i) the sum of HK\$71,000,000 shall be payable to the Vendor upon Completion; and (ii) the sum of HK\$24,000,000 (the "**Retention Amount**") shall be held by the Purchaser as retention money and shall be released to the Vendor upon full payment in relation to all liabilities in respect of the tax undertaking provided by the Vendor (details of which are set out in paragraph headed "Tax Undertaking of the Vendor" below) or utilized or otherwise applied to settle any liabilities of the Vendor if the relevant tax undertaking is not fulfilled; and
- (b) as to HK\$235,000,000 by the issue and allotment of 94,000,000 Consideration Shares to the Vendor at an Issue Price of HK\$2.50 per Consideration Share at Completion.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor with reference, including but not limited to, (i) the preliminary assessment on the valuation of the Target Group prepared by an independent valuer, valuing 60% equity interest of the Target Group at approximately HK\$331,000,000 as at 31 December 2017 conducted by market approach with reference to comparable companies in the business sector; (ii) the unaudited consolidated management accounts of the Target Group as at 31 December 2016 and 31 December 2017 respectively; and (iii) the profit guarantee provided by the Vendor (details of which are set out in the paragraph headed "Consideration adjustment mechanism" below).

The Directors consider that the Consideration is fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Consideration adjustment mechanism

It is agreed that the Consideration shall (where applicable) be adjusted as set out below.

In the event that each of the actual Audited Profit for 2018 or the actual Audited Profit for 2019 shall be less than HK\$50,000,000, the Sale Shares Consideration shall be adjusted by deducting the sum(s) calculated as follows (subject to a maximum deduction/adjustment of the aggregate sum of HK\$330,000,000), and the Vendor shall

pay an amount (the “**Reduced Amount**”) to the Purchaser in cash within fifteen (15) days after the relevant financial statements and the certificate certifying the amount of the Audited Profit for 2018 and the Audited Profit for 2019 (as the case may be) issued by the auditors of the Target Company are delivered to the Vendor:

(a) **Reduced Amount for 2018 = (HK\$50,000,000 – X) × 60% × 11**

Where: X = HK\$50,000,000 or the amount of the Audited Profit for 2018
whichever is the less

and

(b) **Reduced Amount for 2019 = (HK\$50,000,000 – Y) × 60% × 11**

Where: Y = HK\$50,000,000 or the amount of the Audited Profit for 2019
whichever is the less

The Consideration Shares

Upon Completion, the Company will allot and issue, credited as fully paid, an aggregate of 94,000,000 Consideration Shares at an issue price of HK\$2.50 per Consideration Share to the Vendor.

The 94,000,000 Consideration Shares represent (i) approximately 24.20% of all the existing issued shares of the Company; and (ii) approximately 19.49% of all the issued shares of the Company as enlarged by the issue of the Consideration Shares.

The Consideration Shares when allotted and issued, will rank *pari passu* in all respects among themselves and with all existing Shares then in issue on the date of such issue and allotment, including the right to receive all future dividends and distributions declared, made or paid by the Company on or after the date of the issue of the Consideration Shares.

The Issue Price of HK\$2.50 per Consideration Share was determined after arm’s length negotiation between the Company and the Vendor taking into account the recent prices of the Shares. The Issue Price represents:

- (i) a premium of approximately 22.6% over the closing price of HK\$2.04 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 26.8% over the average closing price of HK\$1.972 per Share as quoted on the Stock Exchange for the last 5 trading days including and immediately preceding the Last Trading Day.

The Consideration Shares will be issued under the Specific Mandate to be granted by the Shareholders in the SGM. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. Details of the impact of the Consideration Shares on the shareholding structure of the Company are set out in the paragraph headed “Shareholding structure as a result of the Acquisition” in this announcement below.

Lock-up undertaking

From the date of the S&P Agreement until the 3rd anniversary of the Completion Date, except for the transactions contemplated hereunder or otherwise with the prior written consent of the Purchaser, the Vendor hereby warrants and undertakes it shall not sell or transfer or otherwise dispose of, or create any encumbrances on, its direct or indirect legal or beneficial interest or any other right, title, benefit or interest of whatsoever nature therein or thereto in respect of all or any of the Consideration Shares, or enter into any agreement or commitment to give or create any of the foregoing, save and except that:

- (a) the above restrictions shall not apply to five (5)% of the Consideration Shares after the 1st anniversary of the Completion Date; and
- (b) the above restrictions shall not apply to a further ten (10)% of the Consideration Shares after the 2nd anniversary of the Completion Date.

Tax undertaking of the Vendor

Pursuant to the S&P Agreement, the Vendor undertakes and agrees to complete all necessary reporting, filings and registration with the authorities in compliance with all applicable laws of the transactions contemplated by the S&P Agreement as soon as practicable following Completion and in any event within the stipulated time limit prescribed by applicable laws, and promptly pay all taxation arising from the transactions contemplated by S&P Agreement; and further covenants with the Purchaser to indemnify and will keep indemnified and save harmless the Purchaser (acting for itself and as trustee for the Target Group) and its assigns from and against any and all losses, claims, damages (including interest, penalties, fines and monetary sanctions), liabilities and costs incurred or suffered by the Purchaser and/or any companies of the Target Group by reason of, resulting from, in connection with, or arising in any manner whatsoever out of the breach of its undertaking, agreement, liabilities and obligations; provided that (i) the indemnity contained in the S&P Agreement shall be without prejudice to any other rights and remedies available to the Purchaser; and (ii) the Vendor shall not be liable for the indemnity contained in the S&P Agreement to the extent of those losses, claims, damages, liabilities and costs

which are solely and directly attributable to the breach of the relevant obligations of the Purchaser relating to assisting the Vendor in payment of such taxation by utilizing the Retention Amount as set out in the S&P Agreement.

Conditions precedent

Completion of the Acquisition is conditional upon:

- (a) there being no matter which will have a Material Adverse Effect on the Target Group before Completion;
- (b) all the warranties of the Vendor as set out in the S&P Agreement being true and correct in all material respects and remaining so from the date of the S&P Agreement up to Completion;
- (c) the Exclusive Distribution Agreement in form and substance reasonably satisfactory to the Purchaser having been entered into and taken effect, and remaining valid and binding on the parties thereto and enforceable in accordance with its terms as at Completion;
- (d) the certificate of incumbency and certificate of good standing in respect of each of the Vendor and the Target Company, in each case dated not more than five (5) Business Days before the Completion Date, in form and substance satisfactory to the Purchaser, having been delivered to the Purchaser;
- (e) the Purchaser having confirmed in writing that it is satisfied at its sole and absolute discretion with the results of its due diligence review on the Target Group;
- (f) the Shareholders (other than those who are registered to abstain from voting under the Listing Rules and the Takeovers Code) passing at the SGM resolutions approving the entering into, execution, delivery and performance of the S&P Agreement and the transactions contemplated thereunder, including without limitation the purchase of the Sale Shares and the Shareholder's Loan, by the Purchaser and the issue and allotment of the Consideration Shares to the Vendor, and giving any other approvals or notifications as may be required under the Listing Rules;
- (g) all necessary consents in relation to the transactions contemplated under the S&P Agreement having been obtained by the Purchaser and the Company, including without limitation such consents (if appropriate or required) of the Stock Exchange and the SFC and any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong, the PRC or elsewhere which are required for the entering into, execution, delivery and performance of the S&P Agreement and the transactions contemplated thereunder, including without

limitation the purchase of the Sale Shares and the Shareholder's Loan by the Purchaser and the issue and allotment of the Consideration Shares to the Vendor, having been obtained;

- (h) (if required) the Company having obtained the approval of any relevant government or regulatory authorities under all applicable laws in respect of the increase in the authorized share capital of the Company, as well as the issue and allotment of the Consideration Shares to the Vendor; and
- (i) the Company having obtained an approval at its own cost from the Stock Exchange for the listing of and permission to deal in the Consideration Shares and such listing and permission not being subsequently revoked prior to the issue and allotment of the Consideration Shares.

The Purchaser may waive in writing the conditions precedent (a) to (e) as set out above at its sole and absolute discretion. If any of the conditions precedent set out above shall not have been fulfilled or waived in writing at or before 5:00 p.m. on 21 April 2018, the S&P Agreement shall lapse and thereupon the S&P Agreement and everything therein contained shall (except the confidentiality obligations and certain clauses as specified therein), subject to the liability of any party under the S&P Agreement to the other in respect of any antecedent breach of the terms under the S&P Agreement, be null and void and of no further effect; provided that notwithstanding any other provisions under the S&P Agreement to the contrary, the maximum liability of (a) the Vendor and/or the Guarantor, or (b) the Purchaser (as the case may be), for such antecedent breach (if any) in the event the S&P Agreement shall lapse shall not exceed HK\$5,000,000 in aggregate.

Completion

Completion will take place on the fifth (5th) Business Day after all the conditions precedent having been fulfilled or waived (as the case may be) (or any other date as the Vendor and the Purchaser may agree in writing).

Upon Completion, the Target Group will become an indirect non-wholly owned subsidiary, owned as to 60% by the Company and 40% by the Vendor, and the financial results of the Target Group will be consolidated into the Group's financial statements.

Guarantee

The Guarantor as primary obligor shall unconditionally and irrevocably guaranteed by way of continuing guarantee to the Purchaser the due and punctual performance and observance by the Vendor of all its obligations, commitments, undertakings, agreements, warranties, indemnities and covenants under or pursuant to the S&P Agreement and agreed to indemnify and keep indemnified the Purchaser in full from

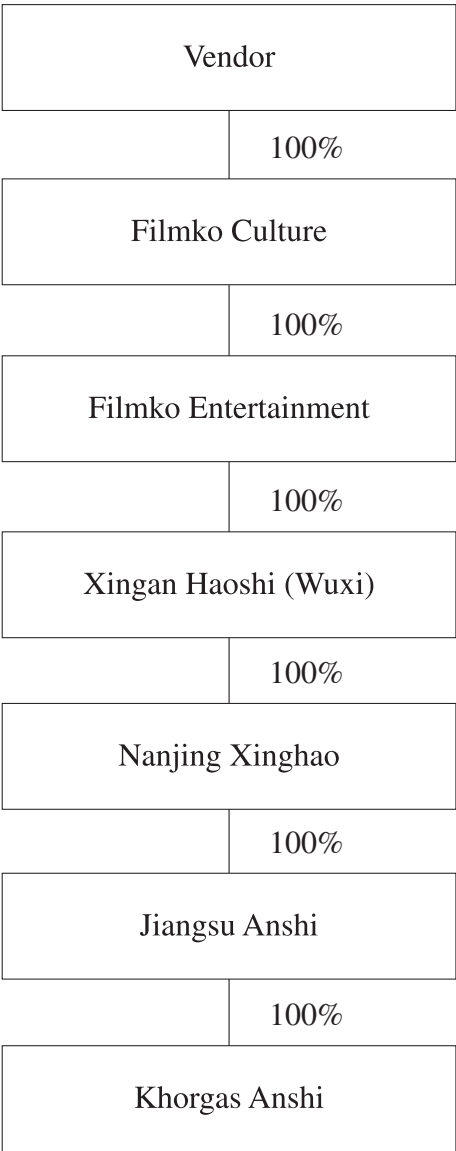
and against all liabilities, losses, damages, claims, costs and expenses (including legal costs and expenses) which the Purchaser may suffer through or arising from any breach by the Vendor of such obligations, commitments, undertakings, agreements, warranties, indemnities or covenants.

INFORMATION OF THE TARGET GROUP

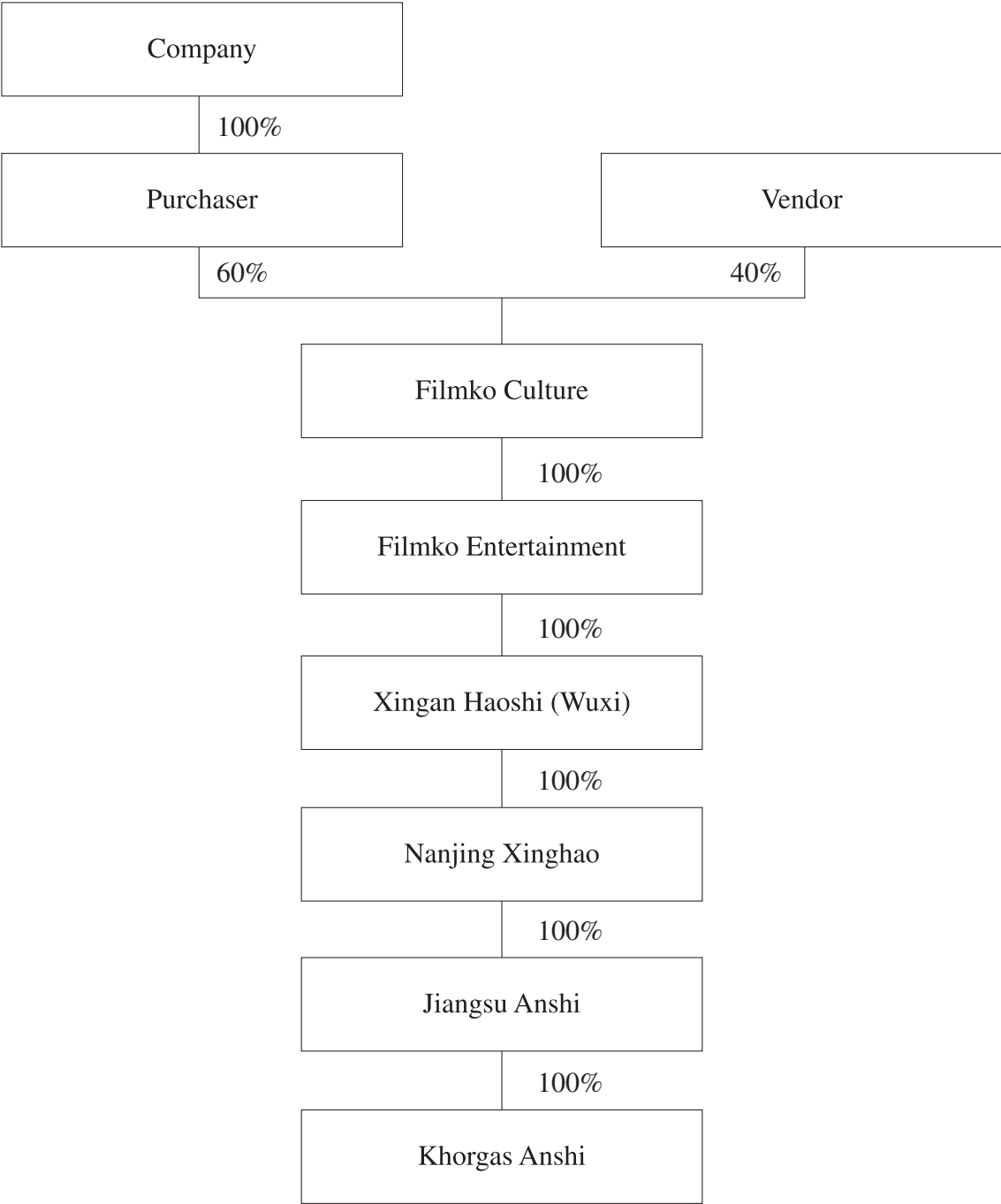
Shareholding structure

Set out below is the shareholding structure of the Target Group (a) as at date of this announcement; and (b) immediately after Completion.

(a) *As at date of this announcement:*



(b) *Immediately after Completion:*



Business

The Target Company is an investment holding company incorporated in the BVI with limited liability and owned as to 100% by the Vendor as at the date of this announcement.

Nanjing Xinghao is an investment holding company incorporated in the PRC with limited liability and directly wholly owned by Xingan Haoshi (Wuxi) which is an investment holding company incorporated in the PRC with limited liability. Xingan Haoshi (Wuxi) is directly wholly owned by Filmko Entertainment which is an investment holding company incorporated in Hong Kong with limited liability. Filmko Entertainment is directly wholly owned by the Target Company.

Khorgas Anshi and Jiangsu Anshi are companies incorporated in the PRC with limited liability. Khorgas Anshi is directly wholly owned by Jiangsu Anshi which is directly wholly owned by Nanjing Xinghao. Jiangsu Anshi and Khorgas Anshi (collectively, the “**Principal Operating Companies**”) are the operating companies of the Target Group which are principally engaged in the business of films distribution in the PRC and have distributed various films produced or released by Filmko China.

Financial

Set out below is the unaudited consolidated financial information of the Target Group for the year ended 31 December 2016 and 31 December 2017:

Target Group

	Year ended 31 December 2016 (Unaudited) RMB'000	Year ended 31 December 2017 (Unaudited) RMB'000
Profit before taxation	32,153	8,496
Profit after taxation	24,353	8,496
		Year ended 31 December 2017 (Unaudited) RMB'000
Net liabilities		62,497

The Target Group underwent a reorganisation and a number of companies within the Target Group (including the Principal Operating Companies) were acquired and consolidated into the Target Group in the year of 2017. The above financial information has been prepared under the principles of common control combination as if the Target Company had been the holding company of such companies throughout the period from 1 January 2016 to 31 December 2017.

Shareholders and investors are urged to look at the audited figures of the Target Group which will be published in the Company's circular to be dispatched as soon as practicable.

INFORMATION OF THE VENDOR AND THE GUARANTOR

The Vendor is an investment holding company incorporated in the BVI and owned as to 72% by the Guarantor.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Vendor and the Guarantor is an independent third party of the Company, and not connected with the Company or connected persons of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the manufacture and trading of optical frames and sunglasses, property investment, securities investment and money lending. In order to diversify its business and income streams in October 2017, the Group entered into the Previous Acquisition and acquired the entire equity interest of Filmko Pictures (Hong Kong) Co., Limited, a film distributor engaging in film distribution mainly in Hong Kong and other regions (excluding the PRC).

The film industry in the PRC has been growing rapidly in the past few years. According to the data released from State Administration of Press, Publication, Radio, Film and Television of the People's Republic of China, on 31 October 2017, box office in PRC rose from approximately RMB17.07 billion in 2012 to approximately RMB55.911 billion in 2017, representing a compound annual growth rate of 26.78%, ranked the second largest film market in the world, just behind the United States of America. The numbers of screens of the PRC in 2017 was 50,776, ranking the first in the world. In light of the huge potential of the PRC film market, the Group has decided to tap into it by acquiring a 60% equity interest of the Target Company, which is engaged in film distribution business in the PRC from the Vendor.

The Company believes that the Acquisition can further broaden its existing business scope as well as its revenue base, and provides the opportunity to enter into the PRC film market which has very exciting prospects. In addition, the distribution and other rights (as described below) granted to the Target Group may present business opportunities with the Group in developing its own branded business under its optical frames and sunglasses segment in the PRC.

It is intended that, after completion of the Acquisition, the Group may endeavor to expand its film distribution business with independent film producers, and that it may consider to enter into other parts of the film industry such as film investment and/or talent agency when risks and rewards are justified.

Benefit of the exclusive films distribution right

Filmko China, an associate of the Vendor, and Khorgas Anshi will enter into the Exclusive Distribution Agreement before Completion. It is expected that Filmko China shall grant the exclusive films distribution rights in the PRC to Khorgas Anshi for all films in respect of which Filmko China (and/or its associated parties) is the lead-presenter (主導出品方) for fifteen (15) years from the Completion Date. The terms of the Exclusive Distribution Agreement are under negotiation and shall be in form and substance reasonably satisfactory to the Purchaser.

Filmko China is one of the major film production companies in the PRC which has produced films with box office amounted to approximately RMB2,267 million in aggregate. The Company considers that the exclusive films distribution rights to be granted by Filmko China would place the Group in a privileged position to participate in the film distribution projects that the Company considers favorable after Completion and bring along with potential benefit to the Group.

Upon the Completion, the Vendor and its associates (including Filmko China), will become connected persons of the Company. The transactions contemplated under the Exclusive Distribution Agreement will constitute connected transaction(s) of the Company under Rule 14A of the Listing Rules. The Company will comply with the Listing Rules as and when the distribution agreement of any particular film is materialized.

The Directors are of the view that the terms of the Acquisition including the abovementioned exclusive films distribution right granted by Filmko China are fair and reasonable and in the interest of the Company and Shareholders as a whole.

SHAREHOLDING STRUCTURE AS A RESULT OF THE ACQUISITION

Set out below is the summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion (assuming no further Shares will be issued or repurchased between the date of this announcement and the Completion Date):

	As at the date of this announcement		Upon Completion	
	No. of Shares	Approx.%	No. of Shares	Approx.%
Wealth China Worldwide Limited (<i>Note 1</i>)	94,199,123	24.26	94,199,123	19.53
Public Shareholders				
The Vendor	—	—	94,000,000	19.49
Other public Shareholders	<u>294,170,000</u>	<u>75.74</u>	<u>294,170,000</u>	<u>60.98</u>
Total	<u>388,369,123</u>	<u>100.00</u>	<u>482,369,123</u>	<u>100.00</u>

Note:

1. Wealth China Worldwide Limited is a company incorporated in the BVI with limited liability and beneficially owned by Ms. Sin Yuk Hung and Ms. Ma Yilin, and accordingly, Ms. Sin Yuk Hung and Ms. Ma Yilin are deemed to be interested in the relevant shares under the SFO.

LISTING RULES IMPLICATIONS

As the Acquisition is entered into within 12 months after the completion of the Previous Acquisition, and the Vendor is an associate (as defined in Rule 14A.06(2) of the Listing Rules) of the vendor of the Previous Acquisition, for the purpose of calculating the percentage ratios (as defined in Rule 14.07 of the Listing Rules) the Combined Acquisitions shall be treated as if they were one transaction pursuant to Rule 14.22 of the Listing Rules. As one or more of the aggregate applicable percentage ratios in respect of the Combined Acquisitions exceed 25%, but are all less than 100%, the transactions under the Combined S&P Agreements constitute a major transaction for the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other things, (i) the S&P Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate to allot and issue the Consideration Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the S&P Agreement. Therefore, no Shareholder is required to abstain from voting at the SGM.

A circular containing, among other things, (i) further details of the S&P Agreement and the transactions contemplated thereunder; (ii) the financial information of the Target Group; (iii) the financial and other information of the Group; (iv) the unaudited pro forma financial information of the Group as enlarged by the Acquisition; (v) the valuation report to be prepared by an independent valuer on the Target Group; (vi) the notice of the SGM; and (vii) other information as required under the Listing Rules will be despatched to the Shareholders as soon as possible. As additional time is required for the Company and the professional parties to prepare the relevant information for inclusion in the circular, the circular is expected to be despatched to the Shareholders on or before 31 March 2018.

As Completion is subject to the fulfillment or waiver (as the case may be) of various conditions precedent as set out in the S&P Agreement, the Acquisition and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Audited Profit for 2018”	the audited consolidated net profit after taxation of the Target Group for the twelve (12) months ending on the Post Completion Date for 2018
“Audited Profit for 2019”	the audited consolidated net profit after taxation of the Target Group for the twelve (12) months ending on the Post Completion Date for 2019
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Acquisition”	the proposed acquisition of the Sale Shares and Shareholders' Loan by the Purchaser from the Vendor pursuant to the terms and conditions of the S&P Agreement

“Board”	the board of Directors
“Business Day(s)”	means any day (other than Saturday or Sunday or public holiday or any day on which a tropical cyclone warning signal 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 business
“BVI”	the British Virgin Islands
“Consideration”	the Sale Shares Consideration together with the Shareholder’s Loan Consideration
“Combined Acquisitions”	the Acquisition and the Previous Acquisition
“Combined S&P Agreements”	the S&P Agreement and the Previous S&P Agreement
“Company”	Elegance Optical International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 907)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the S&P Agreement
“Completion Date”	on the fifth (5th) Business Days after the fulfilment or waiver (as the case may be) of the conditions precedent set out in the S&P Agreement or such other date as the parties may agree in writing prior to the Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	94,000,000 new Shares to be allotted and issued by the Company to the Vendor, credited as fully paid at an issue price of HK\$2.50 per Consideration Share
“Director(s)”	the director(s) of the Company

“Exclusive Distribution Agreement”	the exclusive distribution agreement to be entered into between Filmko China and Khorgas Anshi in respect of the exclusive films distribution rights in the PRC to be granted to Khorgas Anshi for all films in respect of which Filmko China (and/or its associated parties) is the lead-presenter (主導出品方) before Completion
“Filmko China”	Filmko Pictures Co., Ltd.* (星皓影業有限公司), a company established in the PRC with limited liability and is an associate of the Vendor
“Filmko Culture” or “Target Company”	Filmko Culture Limited (星皓文化有限公司), a company incorporated in BVI with limited liability and wholly owned by the Vendor
“Filmko Entertainment”	Filmko Entertainment Limited (星皓娛樂有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Wong Hoi Fung
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	the issue price of HK\$2.50 per Consideration Share
“Jiangsu Anshi”	Jiangsu Anshi Yingna Films Distribution Co. Limited* (江蘇安石英納電影發行有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company
“Khorgas Anshi”	Khorgas Anshi Yingna Films Distribution Co., Ltd.* (霍爾果斯安石英納電影發行有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company
“Last Trading Day”	22 January 2018, being the last trading day of the Shares prior to the release of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Effect”	a material adverse change in the condition (financial or otherwise), operations, assets, liabilities or prospects of the Target Group taken as a whole
“Nanjing Xinghao”	Nanjing Xinghao Film Culture Development Co., Limited* (南京星皓影視文化發展有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company
“Post Completion Date for 2018”	the 1st anniversary of the last day of the month in which Completion shall take place
“Post Completion Date for 2019”	the 2nd anniversary of the last day of the month in which Completion shall take place
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Acquisition”	the acquisition of the entire equity interest of Filmko Pictures (Hong Kong) Co., Limited (星皓影業(香港)有限公司) pursuant to the previous S&P Agreement as disclosed in the announcement of the Company dated 27 October 2017
“Previous S&P Agreement”	the sale and purchase agreement dated 27 October 2017 entered into between Filmko China and the Purchaser in respect of the entire equity interest of Filmko Pictures (Hong Kong) Co., Limited (星皓影業(香港)有限公司)
“Purchaser”	Pride Success Enterprises Limited (榮成企業有限公司), a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC

“S&P Agreement”	the sale and purchase agreement dated 22 January 2018 entered into among the Vendor, the Purchaser and the Guarantor in respect of the sale and purchase of the Sale Shares and the Shareholder’s Loan
“Sale Shares”	the 6,000 shares held by the Vendor, representing sixty (60)% of all the shares issued by the Target Company, as at the date of the S&P Agreement and at Completion
“Sale Shares Consideration”	the total consideration payable by the Purchaser to the Vendor for the sale and purchase of the Sale Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened to approve, among other things, (i) the S&P Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate to allot and issue the Consideration Shares
“Share(s)”	ordinary issued share(s) with par value of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholder’s Loan”	the sum of HK\$89,334,107 representing all the outstanding indebtedness owing by Filmko Entertainment to the Vendor as at the date of the S&P Agreement and at Completion, the benefit of which shall be assigned by the Vendor to the Purchaser upon Completion
“Shareholder’s Loan Consideration”	the consideration payable by the Purchaser to the Vendor for the sale and purchase of the Shareholder’s Loan
“Specific Mandate”	a specific mandate to allot and issue the Consideration Shares to be sought from the Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	the Target Company and its subsidiaries

“Vendor”	Alex Film Limited, a company incorporated in BVI with limited liability and owned as to 72% by the Guarantor
“Xingan Haoshi (Wuxi)”	Xingan Haoshi Culture Development (Wuxi) Co., Limited* (星安皓石文化發展(無錫)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company
“%”	per cent.

On behalf of the Board
Elegance Optical International Holdings Limited
Wong Chi Yan
Executive Director

Hong Kong, 22 January 2018

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 Kin Man, Tony and Mr. Chen Youchun.

The English names of the PRC entities mentioned in this announcement and marked with “” are translation from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.*