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KELFRED HOLDINGS LIMITED

恒發光學控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1134)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE

This announcement is made by Kelfred Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) on a voluntary basis to keep its shareholders and potential investors of the Company abreast of the latest business development of the Group.

Since the end of 2019, with the continued volatility in the global market environments with incidents such as the Sino-US trade negotiation, withdrawal of the United Kingdom from the European Union and the outbreak of the COVID-19, the Group has been exploring new business opportunities and strives to bring higher returns to shareholders, one of them being the camellia oil and skin care products industry. In late 2019, Qinxiang Camellia Technology Hong Kong Co., Limited, a wholly-owned subsidiary of the Group, has agreed to act as the sales agent of Huaihua Qinxiang Oil Industry Company Limited* (懷化秦湘油業有限公司) (“**Huaihua Qinxiang**”), headquartered in Huaihua City, Hunan Province, China, for selling camellia oil and skin care products produced by Huaihua Qinxiang in the People’s Republic of China (the “**PRC**”), including the Hong Kong Special Administrative Region and Macau Special Administrative Region (the “**New Business**”). However, the commencement of the New Business was delayed due to the outbreak of COVID-19 in the PRC.

With the gradual containment of the COVID-19 in the PRC recently, the Group resumed its discussion with Huaihua Qinxiang on the mode of cooperation and as at the date of this announcement, the board of directors (the “**Board**”) is pleased to announce that the Group has set up a project team to develop the New Business.

As a considerable portion of the Group's eyewear products are sold to the European market, with the uncertainty of the global economy, particularly in Europe, due to the outbreak of the COVID-19, the Group believes that the development of the New Business represents a new and valuable opportunity for the Group to achieve diversification in its principal business and income streams and mitigate the impact of any potential decrease in revenue of the Group due to decreased sales to its customers in Europe (if any). Therefore, the Board believes the development of the New Business would be conducive to the Group's financial performance and is in the interests of the Company and the shareholders as a whole.

Notwithstanding the Group's intention to develop the New Business, the existing principal business of the Group in the manufacturing and sales in eyewear products, will continue to remain as the core business of the Group.

Further announcement(s) regarding the development of New Business will be made by the Company as and when appropriate in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Kelfred Holdings Limited
Kwok Kwan Fai
Chairman and Executive Director

Hong Kong, 27 March 2020

As at the date of this announcement, the executive Directors are Mr. Kwok Kwan Fai and Mr. Kwok Kwan Yu, the non-executive Directors are Mr. Kwok Mau Kwan and Ms. Chan Yin Wah, and the independent non-executive Directors are Mr. Lee Wai Ming, Mr. Chu Kin Ming and Mr. Chan Hon Wah.

* *For identification purposes only*