



**ARTS OPTICAL INTERNATIONAL
HOLDINGS LIMITED**

雅視光學集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1120)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Arts Optical International Holdings Limited (the “**Company**”) will be held at Conference Room – Cherry, Hotel Inter-Continental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on 27th May, 2005 at 3:00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2004.
2. To declare a final dividend for the year ended 31st December, 2004.
3. To re-elect Messrs. Wong Chi Wai, Chung Hil Lan Eric, Ng Kim Ying and Francis George Martin as Directors for a term of not more than 3 years and subject to their retirement by rotation in accordance with the Company’s Bye-laws and to authorise the Remuneration Committee to fix the Directors’ remuneration.
4. To re-appoint Deloitte Touche Tohmatsu as Auditors and to authorise the Board of Directors to fix their remuneration.

AS SPECIAL BUSINESS

5. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares to be repurchased by the Company pursuant to the approval in paragraph (a) above of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution,
“Relevant Period” means the period from 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 laws of Bermuda or the Bye-laws of the Company to be held; or
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

6. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options which would or might require the allotment of such shares, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above of this resolution shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements or options which would or might require the allotment of such shares after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares as scrip dividends pursuant to the Bye-laws of the Company from time to time; (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to subscribe for shares in the Company, shall not exceed:
 - (A) in the case of an allotment and issue of shares for cash, 5% of the aggregate nominal amount of the share capital in issue at the date of this resolution; and

- (B) in the case of an allotment and issue of shares other than for cash, 20% of the aggregate nominal amount of the share capital in issue at the date of this resolution (less shares (if any) issued pursuant to the general mandate granted pursuant to sub-paragraph (A) of this resolution),

provided that, in any event, no shares shall be allotted and issued by the Directors pursuant to the approval granted under this resolution if the relevant price represents a discount of 5% or more to the Benchmarked Price (as hereinafter defined) of the shares, and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution,

“Benchmarked Price” shall be a price which is the higher of:

- (i) the closing price of the shares of the Company as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited on the date of signing of the agreement to which the transaction relates; and
- (ii) the average closing price of the shares of the Company as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited in the five trading days immediately prior to the earlier of:
 - (A) the date of signing of the agreement to which the transaction relates; or
 - (B) the date on which the relevant transaction is announced; or
 - (C) the date on which the price of the shares of the Company to be issued pursuant to the transaction is fixed.

“Relevant Period” means the period from 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 laws of Bermuda or the Bye-laws of the Company to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to the holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares as at that date (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, or the requirements of any recognised regulatory body or any applicable stock exchange).”

7. To consider and, if thought fit, pass the following resolution as a special resolution:

“THAT the Bye-laws of the Company be and are hereby amended by substituting bye-law 87(1) with the following new bye-law 87(1):

- “(1) Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if this number is not a multiple of three (3), the number nearest to but

not less than one-third) shall retire from office by rotation. A director retiring at a meeting shall retain office until the close of the meeting.””

By order of the Board
Lee Wai Chung
Company Secretary

Hong Kong, 28th April, 2005

Notes:

- (1) At the Annual General Meeting, the Chairman of the meeting will exercise his power under bye-law 66 of the Company's Bye-laws to put all of the above resolutions to the vote by way of poll.
- (2) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (3) To be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof must be lodged with the Company's share registrars in Hong Kong, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting, or any adjournment thereof.
- (4) The register of members of the Company will be closed from 24th May, 2005 to 27th May, 2005 (both days inclusive), during which period no transfers of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 23rd May, 2005 in Hong Kong.
- (5) An explanatory statement containing further details regarding resolution no. 5 above will be sent to Shareholders together with the annual report of the Company for the year ended 31st December, 2004.

The board of directors of the Company comprises of seven directors, of which four are executive directors, namely Mr. Ng Hoi Ying, Michael, Ms. Hui Pui Woon, Mr. Ng Kim Ying and Mr. Lee Wai Chung and three are independent non-executive directors, namely Mr. Francis George Martin, Mr. Wong Chi Wai and Mr. Chung Hil Lan Eric.

** For identification purpose only*

“Please also refer to the published version of this announcement in The Standard.”