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ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED

雅視光學集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1120)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance.

The Board wishes to inform the shareholders of the Company and potential investors that the net profit for the six months ending 30th June, 2015 is expected to be significantly lower than that of the corresponding period in 2014, and the Group may even incur a loss for the six months ending 30th June, 2015.

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

This announcement is made by Arts Optical International Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that based on the Company’s preliminary review of the results of the Group for the five months ended 31st May, 2015, the net profit for the six months ending 30th June, 2015 is expected to be significantly lower than that of the corresponding period in 2014, and the Group may even incur a loss for the six months ending 30th June, 2015.

* For identification purpose only

The anticipated reduction in net profit or loss for the six months ending 30th June, 2015 is mainly attributable to:

- (i) the decrease in the Group's consolidated revenue by 3% from HK\$639 million in the first five months of 2014 to HK\$622 million in the first five months of 2015;
- (ii) the significant increase in labour costs where the manufacturing facilities of the Group are located, namely Shenzhen City, Heyuan City and Zhongshan City, where the statutory minimum wage increased by 12%, 20% and 15% respectively, since March 2015 for Shenzhen City and since May 2015 for Heyuan and Zhongshan Cities;
- (iii) the significant increase in other operating costs in mainland China in the first five months of 2015 as compared with the corresponding period in 2014; and
- (iv) additional costs and expenses incurred in the first five months of 2015 as the Group accelerated the pace of its factory relocation project from October 2014 onwards with new buildings being constructed on the factory sites in Pingdi Town of Shenzhen City, Heyuan City and Zhongshan City, which resulted in higher depreciation charges of the buildings and leasehold improvement.

The Company has yet to finalise the interim results of the Group for the six months ending 30th June, 2015. The information contained in this announcement is based only on a preliminary assessment of the unaudited consolidated management accounts of the Group for the five months ended 31st May, 2015, but not on any data or information which has been audited or reviewed by the Company's auditors. Further details of the financial information of the Group will be published when the interim results of the Group for the six months ending 30th June, 2015 are released.

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

By Order of the Board
Ng Hoi Ying, Michael
Chairman

Hong Kong, 26th June, 2015

As at the date of this announcement, the Board comprises six directors, three of whom are executive directors, namely Mr. Ng Hoi Ying, Michael, Mr. Ng Kim Ying and Mr. Lee Wai Chung, and three are independent non-executive directors, namely Mr. Wong Chi Wai, Mr. Chung Hil Lan Eric and Mr. Lam Yu Lung.