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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)

SUPPLEMENTAL AGREEMENTS IN RELATION TO THE VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

Reference is made to the announcements of Arts Optical International Holdings Limited (the “Company”) dated 19th August, 2014 and 8th October, 2014 and the circular of the Company dated 19th September, 2014 (the “Circular”) in relation to, among other things, the disposal of the Argent Land by Argent, an indirect wholly-owned subsidiary of the Company, to Kaisa Property pursuant to the Relocation Agreement. Capitalised terms used herein shall have the same meaning as those defined in the Circular unless otherwise defined or the context herein requires.

BACKGROUND

Relocation Agreement

As stated in the Circular, pursuant to the Relocation Agreement:

- (a) Within twelve months of having received the first instalment of the Consideration, Argent shall deliver vacant possession of the Argent Land to Kaisa Property.
- (b) The second instalment of the Consideration in the amount of RMB316,000,000 (equivalent to approximately HK\$387,300,000) shall be paid within five business days after Argent has delivered vacant possession of the Argent Land to Kaisa Property.

The Relocation Agreement became unconditional on 8th October, 2014 and Argent received the first instalment of the Consideration on 15th October, 2014. Accordingly pursuant to the Relocation Agreement, Argent is required to deliver vacant possession of the Argent Land to Kaisa Property within twelve months of such date (i.e. by 15th October, 2015).

* For identification purpose only

Individual Relocation Agreements

As stated in the Circular:

- (a) Each of Mr. Ng Hoi Ying, Michael (a Director and Chairman of the Company), Mr. Ng Kim Ying (a Director), Mr. Li Chi Hung (a member of the senior management of the Company) and Mr. Hung Chao Chia (a member of the senior management of the Company) entered into the Individual Relocation Agreements with Kaisa Property and Kaisa Shenzhen in respect of the land and premises owned by them.
- (b) Payments to be made pursuant to each of the Individual Relocation Agreements are (i) subject to the Relocation Agreement becoming unconditional; (ii) subject to, and correspond with, the payment schedule under the Relocation Agreement; and (iii) subject to due and timely performance of the obligations by other parties or individuals interested in the Argent Urban Renewal Project.
- (c) Each of the Individual Relocation Agreements is subject to simultaneous completion of the other Individual Relocation Agreements and the simultaneous completion of the Relocation Agreement.

SUPPLEMENTAL AGREEMENTS TO THE RELOCATION AGREEMENT AND INDIVIDUAL RELOCATION AGREEMENTS

Argent Supplemental Agreement

As mentioned in the Circular, the Group's production facilities on the Argent Land have been in use for nearly thirty years. Although Argent had commenced the process of vacating the Argent Land since the Relocation Agreement became unconditional on 8th October, 2014, it is of the view that more time is required in order to ensure and facilitate a smooth and orderly factory relocation process.

As such, Argent and Kaisa Property have discussed, and mutually agreed to extend the date by which vacant possession of the Argent Land is required to be delivered. On 13th October, 2015, Argent, Kaisa Property and Kaisa Shenzhen entered into a supplemental agreement (the "Argent Supplemental Agreement") to the Relocation Agreement, whereby Argent is required to deliver vacant possession of the Argent Land to Kaisa Property within twenty two months of having received the first instalment of the Consideration (i.e. by 15th August, 2016). If Argent is able to deliver vacant possession of the Argent Land before that date, Argent shall inform Kaisa Property in writing and Argent and Kaisa Property shall determine the specific time for such delivery of vacant possession. The second instalment of the Consideration in the amount of RMB316,000,000 (equivalent to approximately HK\$387,300,000) shall be paid within five business days after Argent has delivered vacant possession of the Argent Land to Kaisa Property.

Individual Supplemental Agreements

In light of the amendments to the Relocation Agreement as disclosed above, supplemental agreements to the Individual Relocation Agreements have also been entered into between each respective Individual, Kaisa Property and Kaisa Shenzhen on 13th October, 2015 (the “Individual Supplemental Agreements”). Amendments under the Individual Supplemental Agreements correspond to, and are substantially the same as those under the Argent Supplemental Agreement.

Save as disclosed above, there are no other changes to the Relocation Agreement or the Individual Relocation Agreements and all other terms and conditions of the Relocation Agreement and the Individual Relocation Agreements remain unchanged and continue to be in full force and effect. The Company does not consider that the changes under the Argent Supplemental Agreement are material.

In this announcement, unless otherwise stated, amounts denominated in RMB are translated, for the purpose of illustration only, into HK\$ at the exchange rate of HK\$1 to RMB0.816.

By Order of the Board
Ng Hoi Ying, Michael
Chairman

Hong Kong, 13th October, 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.