Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Group

ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED

雅視光學集團有限公司^{*} (Incorporated in Bermuda with limited liability)

(Stock Code: 1120)

SECOND SUPPLEMENTAL AGREEMENT IN RELATION TO THE VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION AND RESUMPTION OF TRADING

This announcement is made by Arts Optical International Holdings Limited (the "**Company**") pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcements of the Company dated 19th August, 2014, 8th October, 2014, 13th October, 2015 (the "Announcements") 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. Capitalised terms used herein shall have the same meaning as those defined in the Circular and the Announcements, unless otherwise defined or the context herein requires.

Background

Pursuant to the Relocation Agreement as amended and supplemented by the Argent Supplemental Agreement (the "Amended Relocation Agreement"):

- (a) Argent and Kaisa Property mutually agreed, amongst other things, to extend the date by which vacant possession of the Argent Land had to be delivered to Kaisa Property to 15th August, 2016.
- (b) The second instalment of the Consideration in the amount of RMB316,000,000 (equivalent to approximately HK\$378,400,000) shall be paid within five business days after Argent has delivered vacant possession of the Argent Land to Kaisa Property.

^{*} For identification purpose only

Second Supplemental Agreement to the Amended Relocation Agreement

On 29th April, 2016, Argent, Kaisa Property and Kaisa Shenzhen entered into a second supplemental agreement to the Amended Relocation Agreement (the "Second Supplemental Agreement"), pursuant to which:

(a) Argent shall, within three business days after signing of the Second Supplemental Agreement (i.e. by 5th May, 2016), submit all information that is required to be submitted by it to Kaisa Property to obtain confirmation for Kaisa Property to become the named developer of the Argent Urban Renewal Project.

Argent shall also, within sixty days after signing of the Second Supplemental Agreement (i.e. by 28th June, 2016), coordinate with relevant joint stock cooperative companies and branches, including Huanggekeng Company, to complete the collective assets filing procedures and land expropriation and transfer procedures, and authorize Kaisa Property to complete all procedures relating to the application for deregistration of the existing title registration of the Argent Land and the buildings erected thereon.

(b) Kaisa Property shall, within three business days after signing of the Second Supplemental Agreement (i.e. by 5th May, 2016), pay an amount of RMB172,500,232.50 (equivalent to approximately HK\$206,600,000) as advance payment of a portion of the second instalment of the Consideration. This amount shall be paid into a bank account jointly held by 深圳市龍崗區橫崗鎮黃閣坑雅駿 眼鏡製造廠 (Shenzhen City Longgang District Henggang Town Argent Optical Manufactory) ("AOM"), a contract processing factory operated by the Group in Shenzhen City, Kaisa Property and 龍城街道辦 (Longcheng Subdistrict Office) and shall then be payable to AOM's employees as economic compensation for their relocation to the Group's new factory in Pingdi Town, Shenzhen City. The remaining balance of the second instalment of the Consideration shall continue to be payable as stipulated under the Amended Relocation Agreement.

The parties to the Amended Relocation Agreement have agreed on the above amendments in order to facilitate the relocation of Argent's factory and Argent's delivery of vacant possession of the Argent Land to accelerate the process for Kaisa Property to become the named developer of the Argent Urban Renewal Project, such that completion of the Transactions may occur earlier.

Individual Relocation Agreements

The payment and completion schedule under the Individual Relocation Agreements, as amended and supplemented by the Individual Supplemental Agreements (the "**Amended Individual Relocation Agreements**") are subject to, and correspond with the payment and completion schedule under the Amended Relocation Agreement. In light of the abovementioned amendments to the Amended Relocation Agreement, the payment and completion schedule under the Amended Individual Relocation Agreements will also be amended and updated accordingly. Save as disclosed above, there are no other changes to the Amended Relocation Agreement and the Amended Individual Relocation Agreements and all other terms and conditions of the Amended Relocation Agreement and the Amended Individual Relocation Agreements remain unchanged and continue to be in full force and effect. The Company does not consider that the changes under the Second Supplemental Agreement are material.

Trading Halt and Resumption of Trading in Shares

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. today, 3rd May, 2016, pending the release of this announcement, which constitutes inside information of the Company. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Wednesday, 4th May, 2016.

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 RMB0.835.

By Order of the Board Ng Hoi Ying, Michael Chairman

Hong Kong, 3rd May, 2016

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.