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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 Group is expected to record a substantial loss for the year ending 31st December, 2019.

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 eleven months ended 30th November, 2019, the Group is expected to record a substantial loss for the year ending 31st December, 2019. The loss attributable to owners of the Company for the year ending 31st December, 2019 is anticipated to record an increase of not less than 130% as compared to the loss attributable to owners of the Company of HK\$38.3 million for the year ended 31st December, 2018.

* For identification purpose only

The Board considers that such increase in loss was mainly attributable to the following items:

- the loss of the Group for the year ended 31st December, 2018 was offset by the fair value gain of HK\$20.3 million on revaluation of its investment properties. The Board does not anticipate recording any substantial fair value gain on revaluation of its investment properties in view of the current property market trend, by reference to the fair value gain on revaluation of investment properties recorded for the period ended 30th June, 2019 which was HK\$0.9 million;
- turnover of the Group's eyewear business in the United States (the "US") market is expected to decrease significantly due to the trade dispute between the US and China; and
- the adverse impact on the profitability of the Group as a result of diseconomies of scale due to the expected significant decline in customers' sales orders and production volume.

The Company has yet to finalise the annual results of the Group for the year ending 31st December, 2019. The information contained in this announcement is based only on a preliminary assessment of the unaudited consolidated management accounts of the Group for the eleven months ended 30th November, 2019, 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 annual results of the Group for the year ending 31st December, 2019 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, 30th December, 2019

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