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YORKEY

YORKEY OPTICAL INTERNATIONAL (CAYMAN) LTD.

精熙國際（開曼）有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2788)

**EXTENSION OF EXISTING CONTINUING CONNECTED
TRANSACTIONS AND SIGNING OF NEW CONTINUING
CONNECTED TRANSACTIONS AGREEMENT**

Reference is made to

- (1) the announcement of the Company dated 7 April 2010 in relation to the continuing connected transactions for: (i) the purchase of DSCs' integrated circuits and circuit boards by Yorkey Optical Technology from Ever Pine; (ii) the lease of property by Dongguan Yorkey to Dongguan Guang Tong; (iii) the sale of office equipment related parts and components from Yorkey Optical Technology to Ever Pine; (iv) the sale of synthetic leather cases related products from Dongguan Yorkey to Dongguan Guang Tong; and (v) the sale of the Products from Yorkey Optical Technology to Ability Group.
- (2) As AOIL became a substantial shareholder of the Company since 8 March 2013, the following transactions between the Company and Asia Optical Group will constitute continuing connected transactions: (i) sale of optical and opto-electronic product related parts and components from Yorkey Optical Technology to AOIL; (ii) sale of DSCs related parts and components from Yorkey Optical Technology to AOF; (iii) sale of optical and opto-electronic product related parts and components from Yorkey Optical Technology to Asia Optical; (iv) sale of optical and opto-electronic product related parts and components from Yorkey Optical Technology to AO ETHER; (v) sale of optical and opto-electronic product related parts and components from Yorkey Optical Technology to Powerlink; (vi) sale of optical and opto-electronic product related parts and components from Yorkey Optical Technology to Pentax Sintai; (vii) sale of image sensor related parts and components from Yorkey Optical Technology to Asia Samoa; (viii) sale of optical and opto-electronic product related parts and components from Dongguan Yorkey to Dongguan Sintai; (ix) sale of optical and opto-electronic product related parts and components from Dongguan Yorkey to Dongguan Tailien; (x) sale of optical and opto-electronic product related parts and components from Dongguan Yorkey to Pioneer Sintai; (xi) sale of optical and opto-electronic product related parts and components from Dongguan Yorkey to Shenzhen Sintai; (xii) sale of optical and opto-electronic product related parts and components from Dongguan Yorkey to Guangdong Nikon; (xiii) sale of optical and opto-electronic

product related parts and components from Dongguan Yorkey to Sintai-North; (xiv) sale of image sensor related parts and components from Dongguan Yorkey to Shen Zhen Asia Image; (xv) sale of DSCs related parts and components from Dongguan Yorkey to AOF (Shenzhen); (xvi) sale of optical and opto-electronic product related parts and components from Dongguan Yorkey to AOETHER Optronics (Shenzhen); (xvii) purchase of optical and opto-electronic product related parts and components by Yorkey Optical Technology from AOIL; (xviii) engagement of Shenzhen Sintai for plating and surface treatment processing by Dongguan Yorkey.

Based on the recent projection of the continuing connected transactions under the respective Existing CCT Agreements, the Directors note that (i) the continuing connected transactions under the respective Existing CCT Agreements will continue after expiry on 31 December 2013. Therefore, the Group entered into the respective Renewed Supplemental Master Agreements with relevant parties on 25 March 2013 (prior to 2 months before expiry of Ability Group Agreements, unless one of the parties gives written request of cessation to the other party, the agreements will be automatically renewed for a period of 3 years) to ensure continuity of the continuing connected transactions under the Existing CCT Agreements and extend the terms of the Existing CCT Agreements until 31 December 2015, subject to the terms and conditions set out therein (except to the revised pricing terms of the Renewed Supplemental Lease Agreement) (ii) the Company and Asia Optical Group entered into a continuing connected transaction agreement dated 25 March 2013, of which the term will last until 31 December 2015, subject to the terms and conditions set out in the agreement.

Pursuant to the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules:

- (i) the expected annual caps of the continuing connected transactions under the AOIL Agreement and AOF Agreement for each of the three years ending 31 December 2015 are expected to be more than 5%, which constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules;
- (ii) the expected annual caps of the continuing connected transactions under the respective Renewed Supplemental Master Agreements for each of the two years ending 31 December 2014 and 31 December 2015 are expected to be less than 5% and are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules; and
- (iii) the expected annual caps of the continuing connected transactions under the Asia Optical Group Agreement, except for the AOIL Agreement and AOF Agreement, for each of the three years ending 31 December 2015 are expected to be less than 5% and are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

As the continuing connected transactions under the AOIL Agreement and AOF Agreement constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements, the Company intends to seek approval from Independent Shareholders for the continuing connected transactions under the AOIL Agreement and AOF Agreement, and the respective annual caps for the three years ending 31 December 2015.

GENERAL

An Independent Board Committee will be formed to advise the Independent Shareholders and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the continuing connected transactions under AOIL Agreement and AOF Agreement, and the respective annual caps for the three years ending 31 December 2015.

A circular containing, amongst other things, (i) a letter from the Board; (ii) a letter from the independent financial adviser; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

BACKGROUND

The Group is principally engaged in the manufacturing and sales of plastic and metallic parts and components of optical and opto-electronic products including DSCs, copiers (including copier based multifunction peripheral), computer peripherals, handsets, traditional film cameras and subsequently related accessories.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

(i) Purchase of DSCs' integrated circuits and circuit boards by Yorkey Optical Technology from Ever Pine

The Group wishes to provide convenience to the customers by offering one-stop services and the Directors consider that by purchasing from Ever Pine the DSCs' integrated circuits and circuit boards, the Group could have a better control over the relevant costs, such as freight. In such regards, the Group entered into an agreement for the purchase of DSCs' integrated circuits and circuit boards from Ever Pine.

(ii) Lease of property by Dongguan Yorkey to Dongguan Guang Tong

With a view to prevent the leased property flow vacant and unused and to optimize the utilization of the Group's resources, Dongguan Yorkey entered into an agreement to lease the said area to Dongguan Guang Tong.

(iii) Sale of office equipment related parts and components from Yorkey Optical Technology to Ever Pine

After considering that (i) the Group has been granted ISO certification and the Group's products are up to the quality requirements as required by the customers of Ever Pine; and (ii) Ever Pine is located in the surrounding area of the Group which enhances the procurement efficiency and is cost saving in transportation, Ever Pine purchases copier related parts and components from the Group.

(iv) Sale of synthetic leather cases related products from Dongguan Yorkey to Dongguan Guang Tong

The Directors consider that the entering into of the agreement for the sale of synthetic leather cases related products to Dongguan Guang Tong will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by Dongguan Guang Tong; and (ii) the enhancement of the Group's sales portfolio from the sales of synthetic leather cases related products to Dongguan Guang Tong.

(v) Sale of the Products from Yorkey Optical Technology to Ability Group

The Directors consider that the entering into of the agreement for the sales of the products to Ability Group will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by Ability Group; and (ii) the enhancement of the Group's sales portfolio from the sale of the Products to Ability Group.

(vi) Sale of the optical and opto-electronic product related parts and components from Yorkey Optical Technology to AOIL

The Directors consider that the entering into of the agreement for the sale of the optical and opto-electronic product related parts and components to AOIL will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by AOIL; and (ii) the enhancement of the Group's sales portfolio from the sale of the optical and opto-electronic products related parts and components to AOIL.

(vii) Sale of DSCs related parts and components from Yorkey Optical Technology to AOF

The Directors consider that the entering into of the agreement for the sale of DSCs related parts and components to AOF will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by AOF; and (ii) the enhancement of the Group's sales portfolio from the sale of the DSCs to AOF.

(viii) Sale of optical and opto-electronic product related parts and components from Yorkey Optical Technology to Asia Optical

The Directors consider that the entering into of the agreement for the sale of optical and opto-electronic product related parts and components to Asia Optical will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by Asia Optical; and (ii) the enhancement of the Group's sales portfolio from the sale of the optical and opto-electronic product related parts and components to Asia Optical.

(ix) Sale of optical and opto-electronic product related parts and components from Yorkey Optical Technology to AO ETHER

The Directors consider that the entering into of the agreement for the sale of optical and opto-electronic product related parts and components to AO ETHER will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by AO ETHER; and (ii) the enhancement of the Group's sales portfolio from the sale of the optical and opto-electronic product related parts and components to AO ETHER.

(x) Sale of optical and opto-electronic product related parts and components from Yorkey Optical Technology to Powerlink

The Directors consider that the entering into of the agreement for the sale of optical and opto-electronic product related parts and components to Powerlink will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by Powerlink; and (ii) the enhancement of the Group's sales portfolio from the sale of the optical and opto-electronic product related parts and components to Powerlink.

(xi) Sale of optical and opto-electronic product related parts and components from Yorkey Optical Technology to Pentax Sintai

The Directors consider that the entering into of the agreement for the sale of optical and opto-electronic product related parts and components to Pentax Sintai will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by Pentax Sintai; and (ii) the enhancement of the Group's sales portfolio from the sale of the optical and opto-electronic product related parts and components to Pentax Sintai.

(xii) Sale of image sensor related parts and components from Yorkey Optical Technology to Asia Samoa

The Directors consider that the entering into of the agreement for the sale of the image sensor related parts and components to Asia Samoa will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by Asia Samoa; and (ii) the enhancement of the Group's sales portfolio from the sale of the image sensor related parts and components to Asia Samoa.

(xiii) Sale of optical and opto-electronic product related parts and components from Dongguan Yorkey to Dongguan Sintai

The Directors consider that the entering into of the agreement for the sale of the image sensor to Dongguan Sintai will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by Dongguan Sintai; and (ii) the enhancement of the Group's sales portfolio from the sale of the optical and opto-electronic product related parts and components to Dongguan Sintai.

(xiv) Sale of optical and opto-electronic product related parts and components from Dongguan Yorkey to Dongguan Tailien

The Directors consider that the entering into of the agreement for the sale of optical and opto-electronic product related parts and components to Dongguan Tailien will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by Dongguan Tailien; and (ii) the enhancement of the Group's sales portfolio from the sale of the optical and opto-electronic product related parts and components to Dongguan Tailien.

(xv) Sale of optical and opto-electronic product related parts and components from Dongguan Yorkey to Pioneer Sintai

The Directors consider that the entering into of the agreement for the sale of optical and opto-electronic product related parts and components to Pioneer Sintai will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by Pioneer Sintai; and (ii) the enhancement of the Group's sales portfolio from the sale of the optical and opto-electronic product related parts and components to Pioneer Sintai.

(xvi) Sale of optical and opto-electronic product related parts and components from Dongguan Yorkey to Shenzhen Sintai

The Directors consider that the entering into of the agreement for the sale of optical and opto-electronic product related parts and components to Shenzhen Sintai will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by Shenzhen Sintai; and (ii) the enhancement of the Group's sales portfolio from the sale of the optical and opto-electronic product related parts and components to Shenzhen Sintai.

(xvii) Sale of optical and opto-electronic product related parts and components from Dongguan Yorkey to Guangdong Nikon

The Directors consider that the entering into of the agreement for the sale of optical and opto-electronic product related parts and components to Guangdong Nikon will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by Guangdong Nikon; and (ii) the enhancement of the Group's sales portfolio from the sale of the optical and opto-electronic product related parts and components to Guangdong Nikon.

(xviii) Sale of optical and opto-electronic product related parts and components from Dongguan Yorkey to Sintai-North

The Directors consider that the entering into of the agreement for the sale of optical and opto-electronic product related parts and components to Sintai-North will benefit the Group from (i) expedient and efficient sales transaction due to a better understanding of operations of the Group by Sintai-North; and (ii) the enhancement of the Group's sales portfolio from the sale of the optical and opto-electronic product related parts and components to Sintai-North.

(xix) Sale of image sensor related parts and components from Dongguan Yorkey to Shen Zhen Asia Image

The Directors consider that the entering into of the agreement for the sale of the image sensor related parts and components to Shen Zhen Asia Image will benefit the Group from (i) expedient and efficient sales transaction due to better understanding of operations of the Group by Shen Zhen Asia Image; and (ii) the enhancement of the Group's sales portfolio from the sale of the image sensor related parts and components to Shen Zhen Asia Image.

(xx) Sale of DSCs related parts and components from Dongguan Yorkey to AOF (Shenzhen)

The Directors consider that the entering into of the agreement for the sale of DSCs related parts and components to AOF (Shenzhen) will benefit the Group from (i) expedient and efficient sales transaction due to better understanding of operations of the Group by AOF (Shenzhen); and (ii) the enhancement of the Group's sales portfolio from the sale of the DSCs related parts and components to AOF (Shenzhen).

(xxi) Sale of optical and opto-electronic product related parts and components from Dongguan Yorkey to AOETHER Optronics (Shenzhen)

The Directors consider that the entering into of the agreement for the sale of optical and opto-electronic product related parts and components to AOETHER Optronics (Shenzhen) will benefit the Group from (i) expedient and efficient sales transaction due to better understanding of operations of the Group by AOETHER Optronics (Shenzhen); and (ii) the enhancement of the Group's sales portfolio from the sale of optical and opto-electronic product related parts and components to AOETHER Optronics (Shenzhen).

(xxii) Purchase of optical and opto-electronic product related parts and components by Yorkey Optical Technology from AOIL

The Group wishes to provide convenience to the customers by offering one-stop service and the Directors consider that by purchasing from AOIL optical and opto-electronic product related parts and components, the Group could have a better control over the relevant costs, such as freight. In such regards, the Group entered into an agreement for the purchase of optical and opto-electronic product related parts and components from AOIL.

(xxiii) Engagement of Shenzhen Sintai for plating and surface treatment processing by Dongguan Yorkey

As the Group does not possess plating and surface treatment processing production capability, after considering that (i) due to better understanding of operations of the Group by Shenzhen Sintai; and (ii) Shenzhen Sintai is located in the surrounding area of the Group, can provide efficiency of processing while saving transportation costs. And therefore, the Group entered into an agreement to engage Shenzhen Sintai for plating and surface treatment processing.

ESTIMATED ANNUAL CAPS

The table below sets out the (i) the actual amount of each of the continuing connected transactions under the respective Existing CCT Agreements for each of the three years ended 31 December 2012 and the two months ended 28 February 2013; (ii) the annual caps of each of the continuing connected transactions under the respective Renewed Supplemental Master Agreements for each of the three years ending 31 December 2015; and (iii) the annual caps of each of the continuing connected transactions under the agreements entered into with Asia Optical Group for each of the three years ending 31 December 2015.

Continuing connected transaction in relation to	For the three years ended 31 December			For the two months ended 28 February	Annual caps for the year ending 31 December			Basis and Assumptions Note
	2010 US\$'000	2011 US\$'000	2012 US\$'000	2013 US\$'000	2013 US\$'000	2014 US\$'000	2015 US\$'000	
(i) Purchase of DSCs' integrated circuits and circuit boards from Ever Pine	88	–	–	–	793	114	149	a
(ii) Lease of property to Dongguan Guang Tong	276	289	297	50	554	347	399	b
(iii) Sale of office equipment related parts and components to Ever Pine	145	144	130	18	431	189	245	c
(iv) Sale of synthetic leather cases related products to Dongguan Guang Tong	69	47	42	1	163	90	117	a
(v) Sale of the Products to Ability Group	244	3	–	–	8,080	317	412	a
(vi) Sale of the optical and opto-electronic product related parts and components to AOIL	10,199	7,905	5,421	393	13,259	17,236	22,407	a
(vii) Sale of DSCs related parts and components to AOF	11,251	8,287	4,074	206	14,626	19,014	24,718	a
(viii) Sale of optical and opto-electronic product related parts and components to Asia Optical	245	–	–	–	319	414	538	a
(ix) Sale of optical and opto-electronic product related parts and components to AO ETHER	–	15	95	7	124	161	209	a
(x) Sale of optical and opto-electronic product related parts and components to Powerlink	1	0.3	1	–	10	13	17	a
(xi) Sale of optical and opto-electronic product related parts and components to Pentax Sintai	66	54	112	1	146	189	246	a

Continuing connected transaction in relation to	For the three years ended 31 December			For the two months ended	Annual caps for the year ending 31 December			Basis and Assumptions Note
	2010	2011	2012	28 February 2013	2013	2014	2015	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
(xii) Sale of image sensor related parts and components to Asia Samoa	1,800	1,247	1,385	118	2,340	3,053	3,955	a
(xiii) Sale of optical and opto-electronic product related parts and components to Dongguan Sintai	283	182	107	10	368	478	622	a
(xiv) Sale of optical and opto-electronic product related parts and components f to Dongguan Tailien	25	68	59	11	88	115	149	a
(xv) Sale of optical and opto-electronic product related parts and components to Pioneer Sintai	–	0.1	–	–	10	13	17	a
(xvi) Sale of optical and opto-electronic product related parts and components to Shenzhen Sintai	590	856	631	29	1,113	1,447	1,881	a
(xvii) Sale of optical and opto-electronic product related parts and components to Guangdong Nikon	122	191	199	23	259	336	437	a
(xviii) Sale of optical and opto-electronic product related parts and components to Sintai-North	19	19	9	1	25	32	42	a
(xix) Sale of image sensor related parts and components to Shen Zhen Asia Image	–	–	23	–	30	39	51	a
(xx) Sale of DSCs related parts and components to AOF (Shenzhen)	125	71	0.7	1	163	211	275	a
(xxi) Sale of optical and opto-electronic product related parts and components to AOETHER Optronics (Shenzhen)	–	–	9	–	12	15	20	a
(xxii) Purchase of optical and opto-electronic product related parts and components from AOIL	358	276	239	25	465	605	787	a
(xxiii) Engagement of Shenzhen Sintai for plating and surface treatment processing by Dongguan Yorkey	102	1,323	1,438	–	1,869	2,430	3,159	a

Notes:

- a. Based on (i) the historical values of each of the three years ended 31 December 2012 and the two months ended 28 February 2013; (ii) the inflation affecting the market price; (iii) the effect on the depreciation of US dollar which affects the presentation of the value of the transactions in the Group's financial statements; and (iv) the development of the global DSCs industry
- b. Based on (i) the rent for the year ended 31 December 2012; (ii) the effect on the appreciation of RMB against US dollar which affects the presentation of the value of the transactions in the Group's financial statements; and (iii) the trend of the market rent of similar properties located in Dongguan City, Guangdong Province, the PRC for the three years ending 31 December 2015
- c. Based on (i) the historical values for each of the three years ended 31 December 2012 and the two months ended 28 February 2013; (ii) the inflation affecting the market price; (iii) the effect on the appreciation of RMB against US dollar which affects the presentation of the value of the transactions in the Group's financial statements; and (iv) the development of the global office equipment industry

With respect to each of the Renewed Supplemental Master Agreements, the Directors (including the independent non-executive Directors) consider that the expected annual caps for the continuing connected transactions under the respective Renewed Supplemental Master Agreements for each of the two years ending 31 December 2014 and 31 December 2015 are fair and reasonable. As for AOIL Agreement and AOF Agreement, the Directors (excluding the independent non-executive Directors who will express their views after considering the advice from the independent financial adviser) consider that the expected annual caps for the continuing connected transactions under AOIL Agreement and AOF Agreement for each of the three years ending 31 December 2015 are fair and reasonable.

RELATIONSHIP WITH CONNECTED PERSONS

Ever Pine is owned as to approximately 34.65% by Ability Enterprise BVI and is an associate of Ability Enterprise BVI. Hence, Ever Pine is a connected person of the Company. In such regards, the transactions contemplated under each of the Renewed Supplemental Ever Pine Purchase Agreement and Renewed Supplemental Ever Pine Master Agreement constitute continuing connected transactions of the Company. Ever Pine is principally engaged in the sale and processing of parts and components of office equipment.

Dongguan Guang Tong is principally engaged in the manufacture and sale of parts for scanners, copiers and laser printers. Dongguan Guang Tong is wholly owned by Ever Pine. As such, Ability Enterprise BVI indirectly holds 34.65% of the equity interests in Dongguan Guang Tong. Dongguan Guang Tong is an associate of Ability Enterprise BVI and hence, a connected person of the Company for the purposes of the Listing Rules. Therefore the transactions contemplated under the Renewed Supplemental Lease Agreement and Renewed Supplemental DY Agreement constitute continuing connected transactions.

Ability Enterprise is principally engaged in design, manufacture and sale of DSCs and other digital imaging products. Ability Enterprise is a substantial shareholder of the Company holding approximately 17.45% of the equity interests in the Company and hence a connected person of the Company for the purpose of the Listing Rules.

AOIL is a substantial shareholder of the Company holding approximately 22.57% of the equity interests in the Company and hence a connected person of the Company for the purpose of the Listing Rules. It is principally engaged in the trading of optical instruments.

Asia Optical is an indirect substantial shareholder of the Company holding approximately 27.4% of the equity interests in the Company and hence a connected person of the Company for the purpose of the Listing Rules. It is principally engaged in the production and sale of optical and opto-electronic products and related parts and components.

AOF is a subsidiary of AOIL and hence a connected person of the Company. It is principally engaged in the trading of DSCs and components.

AO ETHER is a subsidiary of Asia Optical and hence a connected person of the Company. It is principally engaged in the design, manufacture and sale of mobile consumer electronic products.

Powerlink is a subsidiary of Asia Optical and hence a connected person of the Company. It is principally engaged in the trading of optical instruments.

Pentax Sintai is a subsidiary of AOIL and hence a connected person of the Company. It is principally engaged in the trading of printing devices and related parts and components.

Asia Samoa is a subsidiary of Asia Optical and hence a connected person of the Company. It is principally engaged in the trading of image sensor and electronic related parts and components.

Dongguan Sintai is a subsidiary of AOIL and hence a connected person of the Company. It is principally engaged in the production of optical products and related parts and components.

Dongguan Tailien is a subsidiary of Asia Optical and hence a connected person of the Company. It is principally engaged in the production of DSCs and related parts and components.

Pioneer Sintai is a subsidiary of AOIL and hence a connected person of the Company. It is principally engaged in the production and sale of optoelectronic equipment and related parts and components.

Shenzhen Sintai is a subsidiary of AOIL and hence a connected person of the Company. It is principally engaged in the production and sale of optical and opto-electronic products related parts and components.

Guangdong Nikon is a subsidiary of AOIL and hence a connected person of the Company. It is principally engaged in the research and development, production and sale of electronic specific equipment.

Sintai-North is a subsidiary of AOIL and hence a connected person of the Company. It is principally engaged in the production and sale of optical and opto-electronic products related parts and components.

Shen Zhen Asia Image is a subsidiary of Asia Optical and hence a connected person of the Company. It is principally engaged in the production and sale of image sensors.

AOF (Shenzhen) is a subsidiary of AOIL and hence a connected person of the Company. It is principally engaged in the production and sale of DSCs and related parts and components.

AOETHER Optronics (Shenzhen) is a subsidiary of Asia Optical and hence a connected person of the Company. It is principally engaged in the design and manufacture of mobile consumer electronic products.

GENERAL

An Independent Board Committee will be formed to advise the Independent Shareholders and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the continuing connected transactions under AOIL Agreement and AOF Agreement and their annual caps for the three years ending 31 December 2015.

A circular containing, amongst other things, (i) a letter from the Board; (ii) a letter from the independent financial adviser; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Ability Enterprise”	Ability Enterprise Co., Ltd., a company incorporated on 21 May 1965 under the laws of Taiwan, the shares of which are listed on the Taiwan Stock Exchange, and the parent company of Ability Enterprise BVI, a substantial Shareholder
“Ability Enterprise BVI”	Ability Enterprise (BVI) Co., Ltd., a company incorporated in the British Virgin Islands with limited liability on 23 February 2000, a wholly-owned subsidiary of Ability Enterprise and a substantial Shareholder
“Ability Group”	Ability Enterprise and its subsidiaries
“AOIL”	Asia Optical International Ltd., a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of Asia Optical and a substantial Shareholder
“Asia Optical”	Asia Optical Co., Inc., a company incorporated on October 1980 under the laws of Taiwan, the shares of which are listed on the Taiwan Stock Exchange, and the parent company of AOIL, a substantial Shareholder
“Asia Optical Group”	Asia Optical and its subsidiaries
“AOF”	AOF Imaging Technology Limited, a subsidiary of AOIL
“AO ETHER”	AO ETHER Corporation
“Powerlink”	Powerlink Electronic International Ltd.
“Pentax Sintai”	Pentax Sintai Holding Co., Ltd.
“Asia Samoa”	Asia Image Tech (Samoa) Limited
“Dongguan Sintai”	Dongguan Sintai Optical Co., Ltd.
“Dongguan Tailien”	Dongguan Tailien Optical Co., Ltd.
“Pioneer Sintai”	Pioneer Sintai (Dongguan) Optical Co., Ltd.
“Shenzhen Sintai”	Shenzhen Sintai Optical Co., Ltd.
“Guangdong Nikon”	Dongguan Nikon Surveying Instruments Co., Ltd.
“Sintai-North”	Dongguan Sintai-North Precision Co.,Ltd.
“Shen Zhen Asia Image”	Shen Zhen Asia Image Tech Inc.

“AOF (Shenzhen)”	AOF Imaging Technology (Shen Zhen)
“AOETHER Optronics (Shenzhen)”	AOETHER Optronics (Shenzhen) Limited
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the Board of Directors
“Company”	Yorkey Optical International (Cayman) Ltd., a company incorporated in the Cayman Island with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dongguan Guang Tong”	Dongguan Guang Tong Business Machines Co., Ltd, a wholly foreign owned enterprise established under the laws of the PRC on 12 December 1995, an associate of Ability Enterprise BVI and a connected person of the Company
“Yorkey Optical Technology”	Yorkey Optical Technology Limited, a company incorporated in Samoa with limited liability on 12 April 2005 and a wholly-owned subsidiary of the Company
“Dongguan Yorkey”	Dongguan Yorkey Optical Machinery Components Ltd., a wholly foreign owned enterprise established under the laws of the PRC on 11 December 1995 and an indirect wholly-owned subsidiary of the Company
“DSCs”	digital still cameras
“EGM”	an extraordinary general meeting of the Company to be convened to approve the continuing connected transactions under the AOIL Agreement and AOF Agreement and their annual caps for each of the three years ending 31 December 2015
“Ever Pine”	Ever Pine International Limited, a company incorporated in the British Virgin Islands with limited liability on 20 December 1999 which is owned as to 34.65% by Ability Enterprise BVI and hence a connected person of the Company. Ever Pine holds 100% equity interest of Dongguan Guan Tong

“Existing CCT Agreements”	Means (i) the supplemental agreement dated 7 April 2010 entered into between Yorkey Optical Technology and Ever Pine for the purchase of integrated circuits and circuit boards of DSCs by Yorkey Optical Technology from Ever Pine; (ii) the supplemental agreement dated 7 April 2010 entered into between Dongguan Yorkey and Dongguan Guang Tong for the lease of property by Dongguan Yorkey to Dongguan Guang Tong; (iii) the supplemental agreement dated 7 April 2010 entered into between Yorkey Optical Technology and Ever Pine for the sale of office equipment related parts and components from Yorkey Optical Technology to Ever Pine; (iv) the supplemental agreement dated 7 April 2010 entered into between Dongguan Yorkey and Dongguan Guang Tong for the sale of synthetic leather cases related products from Dongguan Yorkey to Dongguan Guang Tong; and (v) the agreement dated 7 April 2010 entered into between Yorkey Optical Technology and Ability Enterprise (for itself and on behalf of Ability Group) for extending the term of the agreement to 31 December 2013
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising Messrs. Chiang Hsiang-Tsai, Chou Chih-Ming and Wang Yi-Chi, established to review and consider the continuing connected transactions under the AOIL Agreement and AOF Agreement, and their annual caps for each of the three years ending 31 December 2015
“Independent Shareholders”	the Shareholders other than Ability Enterprise, Asia Optical and AOIL and their associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)

“PRC” or “China”	People’s Republic of China. Unless the context otherwise requires, references in this announcement to the PRC or China do not apply to Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan
“Renewed Supplemental DY Agreement”	the agreement dated 25 March 2013 for extending the term of the master agreement dated 1 January 2006, as amended by supplemental agreements dated 8 April 2008 and 7 April 2010, entered into between Dongguan Yorkey and Dong Guang Tong for the sale of synthetic leather cases related products to Dongguan Guang Tong until 31 December 2015
“Renewed Supplemental Ever Pine Master Agreement”	the agreement dated 25 March 2013 for extending the term of the master agreement dated 1 January 2006, as amended by supplemental agreements dated 8 April 2008 and 7 April 2010, entered into between Yorkey Optical Technology and Ever Pine for the sale of office equipment related parts and components (including but not limited to copiers and multifunction printers) to Ever Pine until 31 December 2015
“Renewed Supplemental Ever Pine Purchase Agreement”	the agreement dated 25 March 2013 for extending the term of the master agreement dated 1 January 2006, as amended by supplemental agreements dated 8 April 2008 and 7 April 2010, entered into between Yorkey Optical Technology and Ever Pine for the purchase of integrated circuits and circuit boards of DSCs from Ever Pine until 31 December 2015
“Renewed Supplemental Lease Agreement”	the agreement dated 25 March 2013 for extending the term of the master lease agreement dated 18 July 2005, as amended by supplemental agreements dated 8 April 2008 and 7 April 2010, entered into between Dongguan Yorkey and Dongguan Guang Tong for the lease of property to Dongguan Guang Tong until 31 December 2015
“Renewed Supplemental Master Agreements”	Renewed Supplemental Ever Pine Purchase Agreement, Renewed Supplemental Lease Agreement, Renewed Supplemental Ever Pine Master Agreement and Renewed Supplemental DY Agreement

“AOIL Agreement”	the agreement dated 25 March 2013 entered into between Yorkey Optical Technology and AOIL, which will be effective only after obtaining the independent Shareholders’ approval
“AOF Agreement”	the agreement dated 25 March 2013 entered into between Yorkey Optical Technology and AOF, which will be effective only after obtaining the independent Shareholders’ approval
“Asia Optical Group Agreement”	the agreement dated 25 March 2013 entered into between Yorkey Optical Technology and Asia Optical Group
“Shareholder(s)”	shareholder(s) of the Company
“Shares”	the ordinary shares of HK\$0.01 each in the share capital of the Company

By order of the Board
Yorkey Optical International (Cayman) Ltd.
Nagai Michio
Chief Executive Officer and Executive Director

Hong Kong, 25 March 2013

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Nagai Michio and Mr. Liao Kuo-Ming, two non-executive Directors, namely, Mr. Lai I-Jen and Ms. Wu Shu-Ping, and three independent non-executive Directors, namely, Mr. Chiang Hsiang-Tsai, Mr. Chou Chih-Ming and Mr. Wang Yi-Chi.

* *For identification purpose only*