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If you are in any doubt about this circular or as to the action to be taken, you should consult your independent licensed securities dealer, bank manager, solicitor, professional accountant or other independent professional adviser.

If you have sold or transferred all your shares in Yorkey Optical International (Cayman) Ltd., you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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 THE TERM OF CONTINUING CONNECTED TRANSACTIONS

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



廣發融資(香港)有限公司
GF CAPITAL (HONG KONG) LIMITED

Terms used in this cover page shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 5 to 18 of this circular. A letter from the Independent Board Committee is set out on pages 19 to 20 of this circular. A letter from GF Capital (Hong Kong) Limited, the independent financial adviser, to the Independent Board Committee and the Independent Shareholders, is set out on pages 21 to 34 of this circular.

A notice convening the EGM to be held at The Charterhouse Hotel, 209-219 Wanchai Road, Hong Kong on Thursday, 18 June 2015 at 11:00 a.m. is set out on pages 39 to 40 of this circular. If you are not able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof in person, if you so wish.

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Annual Caps”	the estimated annual caps of the continuing connected transactions contemplated under the Renewed Asia Optical Group Master Agreement of the three years ending 31 December 2018
“AO ETHER”	AO ETHER Corporation
“AOETHER Optronics (Shenzhen)”	AOETHER Optronics (Shenzhen) Limited
“AOF”	AOF Imaging Technology Limited
“AOIL”	Asia Optical International Ltd., a wholly-owned subsidiary of Asia Optical
“Asia Optical”	Asia Optical Co., Inc.
“Asia Optical Group”	Asia Optical and its subsidiaries and/or associates (as the case may be), including but not limited to, AOIL, Asia Samoa, Dongguan Sintai, Dongguan Tailien, Shenzhen Sintai, Sintai-North, Shen Zhen Asia Image and AOETHER Optronics (Shenzhen)
“Asia Optical Group Master Agreement”	the agreement dated 10 April 2013 entered into between (1) Asia Optical; (2) AOIL; (3) AOF; (4) AO ETHER; (5) Powerlink; (6) Pentax Sintai; (7) Asia Samoa; (8) Dongguan Sintai; (9) Dongguan Tailien; (10) Pioneer Sintai; (11) Shenzhen Sintai; (12) Guangdong Nikon; (13) Sintai-North; (14) Shen Zhen Asia Image; (15) AOF (Shenzhen); (16) AOETHER Optronics (Shenzhen); (17) Yorkey Optical Technology; and (18) Dongguan Yorkey in respect of the sale and purchase of optical and opto-electronic product related parts and components until 31 December 2015
“Asia Samoa”	Asia Image Tech (Samoa) Limited
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

DEFINITIONS

“BVI”	the British Virgin Islands
“Company”	Yorkey Optical International (Cayman) Ltd., a company incorporated in the Cayman Islands with limited liability
“connected person”	has the meaning ascribed to it under the Listing Rules
“Dongguan Sintai”	Dongguan Sintai Optical Co., Ltd.
“Dongguan Tailien”	Dongguan Tailien Optical Co., Ltd.
“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
“Directors”	directors of the Company
“DSCs”	digital still cameras
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Renewed Asia Optical Group Master Agreement and their annual caps for each of the three years ending 31 December 2018
“GF Capital”	GF Capital (Hong Kong) Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Renewed Asia Optical Group Master Agreement and the Annual Caps
“Group”	the Company and its subsidiaries
“Hong Kong”	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 Renewed Asia Optical Group Master Agreement including the Annual Caps

DEFINITIONS

“Independent Shareholders”	the Shareholders other than Asia Optical, AOIL and their associates
“independent third party(ies)”	independent third party(ies) who is (are) not connected persons of the Company as defined in the Listing Rules and is (are) independent of the Company and the connected persons of the Company
“Latest Practicable Date”	22 April 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Optical and opto-electronic product”	the optical and opto-electronic products, namely DSCs, photocopiers, multifunctional printers, projectors, portable consumer electronic products, aimers, binoculars, optical instruments, image sensors, microscopes, laser range finders, DVD drives, delicate optical instruments, laser printers, scanners, dedicated electronic equipments, dedicated electronic testing equipments and printing devices, of which the related parts and components made with plastic and/or metallic materials, moulding, coating and printing related products are sold by the Group to Asia Optical Group and purchased by the Group from Asia Optical Group under Renewed Asia Optical Group Master Agreement
“Renewed Asia Optical Group Master Agreement”	the agreement dated 25 March 2015 for extending the term of the master agreement dated on 10 April 2013, entered into between the Group and Asia Optical Group for sale of optical and opto-electronic product related parts and components to Asia Optical Group, and engagement for plating and surface treatment processing until 31 December 2018
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholders”	shareholder(s) of the Company

DEFINITIONS

“Shares”	the ordinary shares of HK\$0.01 each in the share capital of the Company
“Shenzhen Sintai”	Shenzhen Sintai Optical Co., Ltd.
“Shen Zhen Asia Image”	Shen Zhen Asia Image Tech Inc.
“Sintai-North”	Dongguan Sintai-North Precision Co., Ltd.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yorkey Optical Technology”	Yorkey Optical Technology Limited, a company incorporated in Samoa with limited liability on 12 April 2005 and a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent.

LETTER FROM THE BOARD

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)

Executive Directors

Lai I-Jen

Nagai Michio

Non-executive Directors

Liao Kuo-Ming

Wu Shu-Ping

Independent non-executive Directors

Chiang Hsiang-Tsai

Chou Chih-Ming

Wang Yi-Chi

Registered office:

Codan Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Head office and principal

place of business:

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Block A, Goldfield Industrial Centre

1 Sui Wo Road

Shatin

New Territories

Hong Kong

5 May 2015

To the Shareholders

Dear Sir/Madam,

**EXTENSION OF THE TERM OF CONTINUING CONNECTED
TRANSACTIONS**

INTRODUCTION

The Company and Asia Optical Group renewed the Asia Optical Group Master Agreement to further extend the term of the continuing connected transactions under the existing Asia Optical Group Master Agreement to 31 December 2018, subject to the approval from Independent Shareholders.

On 25 March 2015, the Group and Asia Optical Group renewed the Asia Optical Group Master Agreement in relation to the following transactions for a term ending on 31 December 2018:

- (i) the sale of optical and opto-electronic product related parts and components from Yorkey Optical Technology to AOIL, including plastic and metallic parts and components of DSCs, copier-based multifunction peripherals (including photocopiers and printers) and cameras;

* For identification purpose only

LETTER FROM THE BOARD

- (ii) the sale of plastic and metallic parts and components of optical and opto-electronic products from Yorkey Optical Technology to Asia Samoa, including image sensor related parts and components;
- (iii) the sale of plastic and metallic parts and components of optical and opto-electronic products from Dongguan Yorkey to Dongguan Sintai, including shutter and micro projector related parts and components;
- (iv) the sale of plastic and metallic parts and components of optical and opto-electronic products from Dongguan Yorkey to Dongguan Tailien, including projector related parts and components;
- (v) the sale of plastic and metallic parts and components of optical and opto-electronic products from Dongguan Yorkey to Shenzhen Sintai, including laser printer, scanner and DSC related parts and components;
- (vi) the sale of plastic and metallic parts and components of optical and opto-electronic products from Dongguan Yorkey to Sintai-North, including delicate instrument and dedicated electronic testing equipment related parts and components;
- (vii) the sale of plastic and metallic parts and components of optical and opto-electronic products from Dongguan Yorkey to Shen Zhen Asia Image, including image sensor related parts and components;
- (viii) the sale of plastic and metallic parts and components of optical and opto-electronic products, including mobile consumer electronic product related parts and components from Dongguan Yorkey to AOETHER Optronics (Shenzhen);
- (ix) the engagement of Shenzhen Sintai for plating of optical and opto-electronic product related parts and components by Dongguan Yorkey.

The purpose of this circular is to (i) provide you with further information in relation to the continuing connected transactions contemplated under the Renewed Asia Optical Group Master Agreement; (ii) set out the opinions and recommendations of the Independent Board Committee and GF Capital, the independent financial adviser, to the Independent Board Committee and the Independent Shareholders; and (iii) give you notice of the EGM at which the resolution as set out therein will be proposed.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED UNDER THE RENEWED ASIA OPTICAL GROUP MASTER AGREEMENT

Sale of the optical and opto-electronic product related plastic and metal parts and components from the Group to Asia Optical Group and the engagement for plating and surface treatment processing under Renewed Asia Optical Group Master Agreement

(a) As to sales transaction, the pricing basis and policy for the sale of the optical and opto-electronic product related plastic and metal parts and components from the Group to Asia Optical Group shall be determined from time to time after arm's length negotiation in line with industry practice. The Group would agree with customers in advance the unit price of such products before the purchase orders are placed. The Group would provide quotation to each customer calculated with reference to the costs of such products plus expected profit. In principle, the Group has set a target gross profit rate in respect of each product with reference to the average profit rate for the previous year. Each sale of the products shall be on normal commercial terms which at any time are no less favourable than terms available to or from any independent third parties. In determining the actual target gross profit rate of each product, the Board will look at factors including the purchase order volume from customers, whether the transactions would help in stabilizing long-term purchase orders placed with the Group and whether the customer is a major customer of the Group.

Or (b) the pricing basis and policy for the engagement for plating and surface treatment processing of optical and opto-electronic product related parts and components shall be determined from time to time after arm's length negotiation between parties with reference to the prevailing market price and on normal commercial terms which are no less favourable than those available from other independent suppliers for plating and surface treatment processing services.

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Before placing a purchase order with suppliers in respect of its engagement processing, the Group will firstly make inquiries to at least two qualified suppliers that meet the Group's conditions, such as quality, price and delivery, and where other conditions are equal, the Group will select the supplier that offers the lowest price after comparing prices and taking into account logistics costs. Such selection will be approved by the purchasing supervisor and senior supervisor of the factory.

According to the internal control of the Group, we will determine our suppliers based on the above criteria to ensure that the processing services under the agreement shall be conducted on no less favorable terms than terms available to any independent third parties.

Save for (i) the purchase transactions under the existing Asia Optical Group Master Agreement will not be accounted for in the Renewed Asia Optical Group Master Agreement; (ii) the number of sales transactions under the existing Asia Optical Group Master Agreement is reduced from 16 to 8 in that of the Renewed Asia Optical Group Master Agreement; and (iii) the payment term for certain transactions are amended, there is no material change in the major terms of Renewed Asia Optical Group Master Agreement for the years 2016 to 2018 as compared with that in existing Asia Optical Group Master Agreement.

Payment period:

Transactions under Renewed Asia Optical Group Master Agreement (as set out in the paragraph headed "INTRODUCTION" above)

(iii) to (vi)	30 days
(i) to (ii), (viii) to (ix)	90 days
(vii)	120 days

The prices and terms of sale of optical and optoelectronic product related plastic and metal parts and components by the Group to Asia Optical Group shall be no less favourable to the Group and no more favourable to Asia Optical Group than those in the sale of similar products to other customers. The prices and terms of engagement for plating and surface

LETTER FROM THE BOARD

treatment processing by the Group from Asia Optical Group shall be no less favourable to the Group and no more favourable to Asia Optical Group than those in the engagement of similar plating and surface treatment processing services from other independent third parties.

The range of target gross profit rate for sales under the Renewed Asia Optical Group Master Agreement is expected to be no less than that of independent third party customers. As an internal control, the Group would keep internal records of the pricing and payment terms of other customers. The Group would compare the sales figure of similar products based on transactions in the previous year with the terms of transactions under Renewed Asia Optical Group Master Agreement before accepting their orders and when determining the prices of relevant products in order to ensure that future prices of the products supplied to Asia Optical Group will be on terms no more favourable than those provided to independent third parties and future prices of engagement of Asia Optical Group for plating and surface treatment processing will be on terms no less favourable than those available from independent third parties.

The Board makes reference to the average profit rate figure of previous year when determining the target gross profit rate. This average profit rate figure is calculated by dividing the gross profit of previous year by the total turnover. The same method of determining the target gross profit rates is applicable to third party customers for each of the transactions (i) to (viii).

The prices of the Company's products are determined based on the cost of production in addition to the target gross profit rate estimated by the Board. The Company also takes into account the market competition when determining the prices and terms of the Company's products. The same price determination criteria and basis apply to all transactions.

In determining the price of the Company's products to customers, upon enquiry, a quotation will be provided after it has been approved by our sales supervisor and senior supervisor of the factory. Any price adjustment to our customers is made based on the same procedure.

The Company would consider the following factors in negotiating the processing fee for transaction (ix):-

- (a) purchase order volume of engagement for plating and surface treatment processing;
- (b) whether the transactions would help in stabilizing long-term purchase orders placed with the Group;
- (c) market practice, for example, if the purchase volume is large, the Company would try to negotiate for lower prices or longer credit terms.

The Group would normally obtain quotations from a pool of qualified suppliers and in general select the one offered the lowest price before making a purchase order unless the purchasing amount is too small to obtain quotations.

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Pursuant to the Renewed Asia Optical Group Master Agreement, if the Group enjoys better and more favourable terms in the transactions of optical and opto-electronic product related parts and components with other customers, the Group can give five days' notice to Asia Optical Group and new terms which are equally favourable to the Group as compared to the transaction terms with other customers would be applied after expiration of the notice period. These procedures have been stated in the Company's internal control standards, namely "Customer Orders Management Standards".

In view of the abovementioned factors, the Directors are of the view that the prices and terms of the sale of plastic and metallic parts and components of optical and opto-electronic products by the Group to Asia Optical Group shall be no less favourable than those in the sale of similar products to other customers. The prices and terms of the engagement of Asia Optical Group for plating and surface treatment processing by the Group shall be no more favourable than those in the engagement of similar services from other suppliers.

CONDITION

The effective date of the Renewed Asia Optical Group Master Agreement shall be subject to the passing of an ordinary resolution by the Independent Shareholders at the EGM approving the Renewed Asia Optical Group Master Agreement and the transactions contemplated thereunder (including the Annual Caps).

PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATIONS

The historical actual transaction amount for the transactions contemplated under the existing Asia Optical Group Agreement in 2012 to 2014 and the existing annual caps are as follows:

	For the year ended 31 December			For the 2 months ended 28 February 2015
	2012	2013	2014	
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Total historical transaction amounts	13,802	11,838	14,298	1,804
Historical annual caps	–	19,830	23,790	28,550
Utilisation rate	–	59.7%	60.1%	37.9%*

Note: Pro-rata based on the transaction amount for the two months ended 28 February 2015

The utilization rate for 2015 is based on a pro-rata basis with reference to the transaction amount of approximately US\$1.8 million for the two months ended 28 February 2015. The Company believed that such utilization rate may not be representative of the actual full year transaction amount since transactions are usually accumulated in the second half of the year.

LETTER FROM THE BOARD

There is no individual annual cap for each transaction contemplated under Renewed Asia Optical Group Master Agreement. The Annual Caps are determined on a gross basis as set out below:

	Annual Caps of transactions contemplated under Renewed Asia Optical Group Master Agreement (US\$'000)
Year ending 31 December 2016	16,806
Year ending 31 December 2017	16,806
Year ending 31 December 2018	16,806

The Company has reviewed the historical transaction amounts of the sale, purchase and processing transactions during the past three years and noticed the sale transactions accounted for over 80% of the annual aggregated transaction amounts during the past three years ended 31 December 2014, while the purchase and processing transactions accounted for the remaining portion.

The Annual Caps are determined by the Company based on the following major factors:

- (i) the growth rate of actual amount of the transactions of 2014 over the previous year;
- (ii) the inflation in the market;
- (iii) market conditions; and
- (iv) additional buffer

In determining the Annual Caps for 2016, which represents an increase of approximately 21.3% (CAGR: approximately 10.1%) over the historical sales and processing transaction amount for the year ended 31 December 2014, the Company takes into accounts factors such as (i) the growth rate of actual transaction amount in 2014 with that of the previous year; (ii) the proportion of each product with the aggregate transaction amount of all products; (iii) the inflation rate within the market; (iv) market forecast based on predictions made by International Data Corporation; and (v) buffer of 1.8%. The Company adjusted the Annual Caps downward to US\$16,806,000 for the year ending 31 December 2016 due to the low utilization rate of the existing annual caps. Such downward adjustment was made after taking into account:

- (i) the gradual transformation of the Asia Optical Group due to the effect of improvement of smartphones technology on the digital camera market;

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- (ii) the purchases under the existing Asia Optical Group Master Agreement are no longer included under the Renewed Asia Optical Group Master Agreement; and
- (iii) the number of sale transactions decreased from 16 under the existing Asia Optical Group Master Agreement to only 8 under the Renewed Asia Optical Group Master Agreement.

In determining the proposed Annual Caps, the Company has taken into consideration an inflation factor of approximately 2.4%. It is considered that the expected increase in manufacturing costs of optical and opto-electronic product related parts and components, including raw material costs and labour costs, was caused by the general inflation and the Company expects such inflation will in turn lead to an increase in selling price of the products. In assessing the expected inflation rate, the Company has reviewed the “Global Economy Watch Projections” published on the PwC website.

According to an article in volume 29 of “Twice: This Week in Consumer Electronics” which contained data from the International Data Center, a global provider of market intelligence for the information technology, telecom and consumer technology markets, the total U.S. digital still camera shipment is expected to decrease by a CAGR of approximately 23.6% from 2014 to 2016, representing a CAGR of approximately -12.6%, while multifunction peripherals will grow by a CAGR of approximately 3.8% during the respective period. The Company considers such statistics relevant to the Company’s products since the parts and components sold to the Asia Optical Group were substantially applied on digital cameras and multifunction peripherals. By multiplying the respective weighting to such growth rates based on the relative portion of the sale amounts on these two types of products, a market factor of approximately -3.5% has been applied to the overall growth rate.

The proposed Annual Caps for the two years ending 31 December 2017 and 2018 are set at a same level as that for 2016 since the Company expects that the estimated transaction amount for 2017 and 2018 would remain steady or be similar to the expected level for 2016 given that (i) currently it would be imprudent to predict the subsequent future trend of the sale and processing transactions with Asia Optical Group after 2016 in view of the historical fluctuation between 2012 and 2014 and the absence of sufficient transaction data for 2015; and (ii) the Company currently does not foresee any material factor which may have significant influence on the transaction level with the Asia Optical Group after 2016. In aggregate, the above factors contribute to an overall expected growth of approximately 10.1% on annualised basis. The Directors consider that the above assumptions in determining the Annual Caps are fair and reasonable.

LETTER FROM THE BOARD

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE RENEWED ASIA OPTICAL GROUP MASTER AGREEMENT

The Group is principally engaged in the manufacturing and sales of plastic and metallic parts and components of optical and opto-electronic products and manufacturing and sales of molds and cases, including plastic and metallic parts and components of DSCs, copier-based multifunction peripherals and monitors.

The Directors consider that selling products to Asia Optical Group will benefit the Group by increasing the utilization of the Group's production capacity, increasing sales profits from a more diversified product offering as Asia Optical Group is principally engaged in the manufacturing and sales of products including DSCs, laser range finders, image sensors and etc., which require the use of plastic and metallic parts and components. Besides that, selling products to Asia Optical Group enables the Group to save transportation costs due to the proximity of locations of Asia Optical Group's plants in the surrounding areas of the Group.

As the Group does not possess plating and surface treatment processing production line, and after considering that Asia Optical Group is one of the key customers of the Group and Shenzhen Sintai is located closely to the local district of the Group, the Group and Shenzhen Sintai can strengthen cooperation, save transportation costs and improve efficiency through the engagement.

In such regards, the Company proposed to seek the approval from the Independent Shareholders with respect to the continuing connected transactions under the Renewed Asia Optical Group Master Agreement and to adopt the Annual Caps for the three years ending 31 December 2016, 2017 and 2018. The Directors consider that it is beneficial to the Group's profitability to continue the sale of plastic and metallic parts and components of optical and opto-electronic products and the engagement of Asia Optical Group for plating and surface treatment processing and to adopt the respective Annual Caps. The Directors also consider that the respective target gross profit rates in respect of each product supplied to Asia Optical Group are fair and reasonable.

Since the continuing connected transactions under the Renewed Asia Optical Group Master Agreement are in the ordinary and usual course of business of the Group and that the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable and negotiated at arm's length, and are no more favourable than those provided to independent third parties in transactions numbers (i) to (viii) and no less favourable than those available from independent third parties in transaction (ix), to the best of the knowledge, information and belief of the Directors, the Directors are not aware of any disadvantage in respect of the continuing connected transactions under the Renewed Asia Optical Group Master Agreement.

LETTER FROM THE BOARD

INFORMATION ON THE PARTIES TO RENEWED ASIA OPTICAL GROUP MASTER AGREEMENT

Asia Optical is a company listed on the Taiwan Stock Exchange. It 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.

AOIL is a wholly-owned subsidiary of Asia Optical. It 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 Samoa is indirectly held by Asia Optical as to 30.71% and the remaining 69.29% is held by public shareholders 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 wholly-owned 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 indirectly held by Asia Optical as to 28.61%, directly held by Ricoh Company, Ltd. as to 10.37% and Good News Enterprises Ltd. as to 61.02%. It is principally engaged in the production of DSCs and related parts and components. Both Ricoh Company, Ltd. and Good News Enterprises Ltd. are independent third parties. Although Dongguan Tailien is not a connected person of the Company, in view of its close relationship with Asia Optical Group, the Group considers the transaction with Dongguan Tailien as a continuing connected transaction and such transaction is subject to the terms under the Renewed Asia Optical Group Master Agreement.

Shenzhen Sintai is a wholly-owned 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.

Sintai-North is held by AOIL as to 60%, Kobe Steel, Ltd. as to 15% and ALCONIX Corporation as to 25% 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. Both Kobe Steel, Ltd. and ALCONIX Corporation are independent third parties.

Shen Zhen Asia Image is indirectly held by Asia Optical as to 30.71% and the remaining 69.29% is held by public shareholders and hence a connected person of the Company. It is principally engaged in the production and sale of image sensors.

AOETHER Optronics (Shenzhen) is indirectly held by Asia Optical as to 73.86%, Ether Precision INC., an independent third party as to 18.51% and another independent third party as to 7.63% and hence a connected person of the Company. It is principally engaged in the design and manufacture of mobile consumer electronic products.

LETTER FROM THE BOARD

FORTUNE LANDS INTERNATIONAL LIMITED AND THE YORKEY EMPLOYEE'S TRUST

Fortune Lands International Limited is the trustee of The Yorkey Employee's Trust. The current board members of Fortune Lands International Limited are Mr. Chen Yao Tang, Mr. Nagai Michio, Mr. Cheng Wen-Tao, Mr. Chiang Hsiang-Tsai and Mr. Wang Yi-Chi. The sole shareholder of Fortune Lands International Limited is Mr. Chen Yao Tang. To the best of the Directors' knowledge, none of the board members and shareholder of Fortune Lands International Limited (i) has any shareholding or family relationship with the Company and its connected persons; (ii) has any shareholding in or any family relationship with Asia Optical Group and its respective associates; (iii) is a board member of Asia Optical Group and its respective associates; or (iv) has any family relationship with any of the board members of Asia Optical Group and its respective associates.

Mr. Tawara Seiichi held the entire issued share capital of Fortune Lands International Limited at the time when The Yorkey Employee's Trust was set up. The money used for subscription of the Company's shares by Fortune Lands International Limited was advanced by Mr. Cheng Wen-Tao. To the best of the Director's knowledge, neither Mr. Tawara Seiichi nor Mr. Cheng Wen-Tao (i) has any shareholding in or any family relationship with the Company and its connected persons; (ii) has any shareholding in or any family relationship with Asia Optical Group and its respective associates; (iii) is a board member of Asia Optical Group and its respective associates; or (iv) has any family relationship with any of the board members of Asia Optical Group and its respective associates.

The beneficiaries of The Yorkey Employee's Trust are the Company's employees who have contribution to the Company. The board of directors of Fortune Lands International Limited determines who are eligible to be the beneficiaries of The Yorkey Employee's Trust. To the best of the Company's knowledge, none of the beneficiaries of The Yorkey Employee's Trust (i) has any shareholding in or any family relationship with the Company and its connected persons; (ii) has any shareholding in or any family relationship with Asia Optical Group and its respective associates; (iii) is a board member of Asia Optical Group and its respective associates; or (iv) has any family relationship with any of the board members of Asia Optical Group and its respective associates.

Since Fortune Lands International Limited is not an associate of the Company or Asia Optical Group under the Listing Rules and does not have any material interests in the transactions contemplated under the Renewed Asia Optical Group Master Agreement, save as its interests as a shareholder of the Company, Fortune Lands International Limited and its associate shall not be required to abstain from voting in respect of the approval of the Renewed Asia Optical Group Master Agreement and the transactions contemplated thereunder at the EGM.

LETTER FROM THE BOARD

ABILITY ENTERPRISE CO., LTD.

Ability Enterprise Co., Ltd. is a company listed on the Taiwan Stock Exchange, of which 12.25% of the shares is held by Pegatron Corporation as a major shareholder. Ability Enterprise Co., Ltd. does not have (i) any business relationship with Asia Optical Group and its respective associates; or (ii) any shareholding relationship with Asia Optical Group and its respective associates other than their interests in the Company. Therefore, Ability Enterprise Co., Ltd. is an Independent Shareholder of the Company who is entitled to vote in respect of the approval of the Renewed Asia Optical Group Master Agreement and the transactions contemplated thereunder at the EGM.

IMPLICATIONS UNDER THE LISTING RULES

As the parties to the Renewed Asia Optical Group Master Agreement are connected persons of the Company as disclosed in the above section, the transactions contemplated under the Renewed Asia Optical Group Master Agreement constitute continuing connected transactions.

As the applicable percentage ratios (other than the profits ratio, as defined under Rule 14.07 of the Listing Rules) for the Annual Caps in relation to the continuing connected transactions under the Renewed Asia Optical Group Master Agreement are expected to be more than 5% and the annual consideration is expected to be more than HK\$10 million, the continuing connected transactions under the Renewed Asia Optical Group Master Agreement constitute non-exempt continuing connected transactions of the Company under Rule 14A.73 of the Listing Rules and are therefore subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in connection with the continuing connected transactions under the Renewed Asia Optical Group Master Agreement and the Annual Caps. GF Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Renewed Asia Optical Group Master Agreement (including the Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned and whether the continuing connected transactions under the Renewed Asia Optical Group Master Agreement are in the ordinary and usual course of business of the Company, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee expresses their views on the continuing connected transactions under the Renewed Asia Optical Group Master Agreement and the Annual Caps after considering the opinion of the independent financial adviser.

EGM

A notice convening the EGM to be held at The Charterhouse Hotel, 209-219 Wanchai Road, Hong Kong on Thursday, 18 June 2015 at 11:00a.m. is set out on pages 39 to 40 of this circular. At the EGM, an ordinary resolution will be proposed to consider and, if thought fit, to approve the continuing connected transactions under the Renewed Asia Optical Group Master Agreement and the Annual Caps for each of the three years ending 31 December 2018 by way of poll.

LETTER FROM THE BOARD

A form of proxy for use by the Shareholders at the EGM is enclosed. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof in person, if you so wish.

Pursuant to Rule 14A.36 of the Listing Rules, as AOIL, being a substantial shareholder and Asia Optical, being an indirect substantial shareholder, have material interests in the continuing connected transactions under the Renewed Asia Optical Group Master Agreement, AOIL, Asia Optical and their associates are required to abstain from voting on the ordinary resolution proposed to be passed at the EGM for approving the continuing connected transactions under the Renewed Asia Optical Group Master Agreement (including the Annual Caps).

Among the then Directors at the material time when the relevant board resolution approving the Renewed Asia Optical Group Master Agreement and the transactions contemplated thereunder were passed, since Mr. Lai I-Jen and Ms. Wu Shu-Ping are also directors of Asia Optical, to avoid any potential conflict of interest, both the above Directors have abstained from voting on the relevant board resolution.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, other than each of AOIL and Asia Optical and their respective associates, as at the Latest Practicable Date, no other Shareholders have material interests in the continuing connected transactions under the Renewed Asia Optical Group Master Agreement and are required to abstain from voting in respect of the approval of the Renewed Asia Optical Group Master Agreement and the transactions contemplated thereunder at the EGM.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 19 to 20 of this circular which contains its recommendation to the Independent Shareholders in relation to the Renewed Asia Optical Group Master Agreement and the Annual Caps. Your attention is also drawn to the letter of advice from GF Capital set out from pages 21 to 34 of this circular which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Renewed Asia Optical Group Master Agreement and the Annual Caps, and the principal factors and reasons taken into account in arriving at its recommendation.

The Directors (including all the non-executive Directors) consider that the terms of the Renewed Asia Optical Group Master Agreement (including the Annual Caps) are fair and reasonable, and the continuing connected transactions under the Renewed Asia Optical Group Master Agreement are entered into in the ordinary and usual course of business of the Group on normal commercial terms, and thus are in the interests of the Company and the Shareholders as a whole. The Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Annual Caps and the continuing connected transactions under the Renewed Asia Optical Group Master Agreement.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

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

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)

5 May 2015

To the Independent Shareholders

Dear Sir/Madam,

ENTERING INTO NEW CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 5 May 2015 of Yorkey Optical International (Cayman) Ltd. (the “**Circular**”), of which this letter forms part. Terms defined in the Circular bear the same meanings herein, unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to make a recommendation to the Independent Shareholders in relation to the Annual Caps and the continuing connected transactions under the Renewed Asia Optical Group Master Agreement.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 18 of the Circular, which provides details of the Annual Caps and the continuing connected transactions under the Renewed Asia Optical Group Master Agreement. Your attention is also drawn to the letter from GF Capital to the Independent Board Committee and the Independent Shareholders which contains its advices in respect of the Annual Caps and the continuing connected transactions under the Renewed Asia Optical Group Master Agreement, as set out on pages 21 to 34 of the Circular.

Having considered, amongst other things, the principal factors and reasons considered by, and the recommendations of GF Capital as stated in its aforementioned letter of advice, the Independent Board Committee concurs with the views of GF Capital that the terms of the Renewed Asia Optical Group Master Agreement (including the Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned and that the continuing connected transactions under the Renewed Asia Optical Group Master Agreement are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Annual Caps and the continuing connected transactions under the Renewed Asia Optical Group Master Agreement.

Yours faithfully,

For and on behalf of the Independent Board Committee

Chiang Hsiang-Tsai

Chou Chih-Ming

Wang Yi-Chi

LETTER FROM GF CAPITAL

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from GF Capital which has been prepared for inclusion in this circular.



29-30/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

5 May 2015

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

EXTENSION OF THE TERM OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the non-exempt continuing connected transactions under the Renewed Asia Optical Group Master Agreement (the “**Non-exempt CCTs**”) and the relevant proposed Annual Caps for the three financial years ending 31 December 2018. Details of the Non-exempt CCTs and the terms of the Renewed Asia Optical Group Master Agreement are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in this circular of the Company to the Shareholders dated 5 May 2015 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in this circular unless the context otherwise requires.

As stated in the Letter from the Board, the Asia Optical Group Master Agreement will expire on 31 December 2015. The Directors have reviewed the historical transaction volume and amount with the Asia Optical Group under the Asia Optical Group Master Agreement and anticipate that certain existing continuing connected transactions will continue after the expiration of the Asia Optical Group Master Agreement. In order to cope with the estimated level of business activities between the Group and the Asia Optical Group in the upcoming future, on 25 March 2015, the Group entered into the Renewed Asia Optical Group Master Agreement with relevant members of the Asia Optical Group.

Asia Optical, being an indirect substantial Shareholder holding through its subsidiaries approximately 27.4% of the equity interests in the Company, is hence a connected person of the Company for the purpose of the Listing Rules. Asia Optical Group refers to Asia Optical and certain of its direct and indirect subsidiaries namely AOIL, Asia Samoa, Dongguan Sintai, Dongguan Tailien, Shenzhen Sintai, Sintai-North, Shen Zhen Asia Image and AOETHER Optronics (Shenzhen) and is hence a connected person of the Company for the purpose of the Listing Rules.

LETTER FROM GF CAPITAL

As one or more of the applicable percentage ratios (other than the profit ratio) as defined under the Listing Rules in respect of the Annual Caps exceed 5%, the Non-exempt CCTs (including the Annual Caps) under the Renewed Asia Optical Group Master Agreement is subject to the disclosure in announcement, circular and annual report, annual review by independent non-executive Directors and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chiang Hsiang-Tsai, Mr. Chou Chih-Ming and Mr. Wang Yi-Chi, has been established to advise the Independent Shareholders as to whether the Renewed Asia Optical Group Master Agreement were entered into on normal commercial terms and in the ordinary and usual course of business of the Group, whether the terms of the Renewed Asia Optical Group Master Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned and whether the entering into of the Renewed Asia Optical Group Master Agreement and the non-exempt CCTs contemplated thereunder (including the Annual Caps) are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to whether to vote in favour of the resolution to be proposed at the EGM to approve the Renewed Asia Optical Group Master Agreement and the transactions contemplated thereunder (including the Annual Caps). As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we acted as an independent financial adviser and issued an opinion letter in the Company's circular dated 22 May 2013 in relation to continuing connected transactions of the Group. Such past engagement was limited to providing independent advisory services to the Independent Board Committee and the Independent Shareholders pursuant to the Listing Rules. Apart from normal professional fee paid to us in connection with such appointment, no arrangements exist whereby we had received any fees or benefits from the Company or any other party to the aforesaid transactions, and therefore we consider such prior relationship would not affect our independence.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and representations contained in this circular and have assumed that all information and representations made or referred to in this circular as provided by the Directors and/or management of the Company were true, accurate and complete in all material aspects at the time they were made and continue to be true, accurate and complete in all material aspects as at the date of this circular. We have also relied on our discussion with the Directors and/or the management of the Company regarding the Company and the terms of the Renewed Asia Optical Group Master Agreement. The Directors have declared in a responsibility statement set out in the Appendix to this circular that they collectively and individually accept full

LETTER FROM GF CAPITAL

responsibility for the accuracy of the information contained and representations made in this circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and/or the management of the Company respectively in this circular were reasonably made after due enquiry.

We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in this circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in this circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or management of the Company. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Group, the Asia Optical Group, and their respective associates nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS CONSIDERED

In arriving at our recommendation regarding the terms of the Renewed Asia Optical Group Master Agreement for the Non-exempt CCTs (including the Annual Caps), we have considered the following principal factors and reasons:

Background of and reasons for the transactions

The Group is principally engaged in the manufacturing and sale of plastic and metallic parts and components of optical and opto-electronic products, manufacturing and sale of molds and cases, including plastic and metallic parts and components of DSCs, copier-based multifunction peripherals and monitors.

Asia Optical is a listed company on the Taiwan Stock Exchange and the parent company of AOIL, a substantial Shareholder. Asia Optical Group is principally engaged in the production and sale of optical and opto-electronic products and related parts and components.

Based on the discussion with the management of the Company and our review on the prospectus of the Company dated 26 January 2006, we noted that the transactions as contemplated under the Renewed Asia Optical Group Master Agreement have been entered into between the Group and the Asia Optical Group as early as prior to the listing of the Company on the Stock Exchange in 2006. By virtue of Asia Optical becoming an indirect substantial Shareholder since 8 March 2013, transactions carried on between the Group and the Asia Optical Group thereafter constituted continuing connected transactions of the Company. For the purpose of complying with the relevant requirements of the Listing Rules, the Group (through Yorkey Optical Technology and Dongguan Yorkey) and Asia Optical Group entered into the Asia Optical Group Master Agreement on 10 April 2013 for a term commenced from 7 June 2013, being the date of passing the resolution to approve the transactions contemplated under the Asia Optical Group Master Agreement (including the relevant annual caps) at the then extraordinary general meeting, till 31 December 2015. In view of the historical transaction

LETTER FROM GF CAPITAL

volume and amount with the Asia Optical Group under the Asia Optical Group Master Agreement and the long-term business relationship established with the Asia Optical Group, the management of the Company expects that the Non-exempt CCTs will continue after the expiration of the Asia Optical Group Master Agreement. In order to cope with the estimated level of business activities between the Group and the Asia Optical Group in the upcoming future, on 25 March 2015, the Group (through Yorkey Optical Technology and Dongguan Yorkey) and Asia Optical Group entered into the Renewed Asia Optical Group Master Agreement for a term of three years commencing from 1 January 2016 till 31 December 2018, which shall comprise nine classes of transactions set out as follows:-

- (1) the sale of optical and opto-electronic product related parts and components from Yorkey Optical Technology to AOIL, including plastic and metallic parts and components of DSCs, copier-based multifunction peripherals (including photocopiers and printers) and cameras;
- (2) the sale of plastic and metallic parts and components of optical and opto-electronic products from Yorkey Optical Technology to Asia Samoa, including image sensor related parts and components;
- (3) the sale of plastic and metallic parts and components of optical and opto-electronic products from Dongguan Yorkey to Dongguan Sintai, including shutter and micro projector related parts and components;
- (4) the sale of plastic and metallic parts and components of optical and opto-electronic products from Dongguan Yorkey to Dongguan Tailien, including projector related parts and components;
- (5) the sale of plastic and metallic parts and components of optical and opto-electronic products from Dongguan Yorkey to Shenzhen Sintai, including laser printer, scanner and DSC related parts and components;
- (6) the sale of plastic and metallic parts and components of optical and opto-electronic products from Dongguan Yorkey to Sintai-North, including delicate instrument and dedicated electronic testing equipment related parts and components;
- (7) the sale of plastic and metallic parts and components of optical and opto-electronic products from Dongguan Yorkey to Shen Zhen Asia Image, including image sensor related parts and components;
- (8) the sale of plastic and metallic parts and components of optical and opto-electronic products, including mobile consumer electronic product related parts and components from Dongguan Yorkey to AOETHER Optronics (Shenzhen); and
- (9) the engagement of Shenzhen Sintai for plating of optical and opto-electronic product related parts and components by Dongguan Yorkey.

LETTER FROM GF CAPITAL

Upon discussion with the management of the Company, we understand that by their very nature transaction classes (1) to (8) can be categorised into one type of transactions which involve the generation of revenue from the sale of optical and opto-electronic product related parts and components by the Group to the Asia Optical Group whilst transaction class (9) represents another type of transactions which involve the incurring of expenses arising from the subscription of services by the Group available from the Asia Optical Group.

As stated in the Letter from the Board, the Directors consider that selling products to Asia Optical Group will benefit the Group by increasing the utilisation of the Group's production capacity, increasing sales profits and form a more diversified product offering as Asia Optical Group is principally engaged in the manufacturing and sale of products including DSCs, laser range finders, image sensors and so, which require the use of plastic and metallic parts and components. Besides that, selling products to Asia Optical Group enables the Group to save transportation costs due to the proximity of locations of Asia Optical Group's plants in the surrounding areas of the Group. In relation to the engagement of Shenzhen Sintai for plating and surface treatment processing by Dongguan Yorkey, the Directors consider that since (i) the Group does not possess plating and surface treatment processing production line; (ii) Asia Optical Group is one of the key customers of the Group; and (iii) Shenzhen Sintai is located closely to the surrounding area of the Group, such engagement can strengthen the cooperation between the Group and Shenzhen Sintai, save transportation costs and improve efficiency.

Given that (i) the Asia Optical Group is the Group's loyal customer who has been cooperating with the Group for years in good faith; (ii) the transactions under the Renewed Asia Optical Group Master Agreement are complementary to the businesses of both the Group and the Asia Optical Group; and (iii) the operating costs of the Group could be lowered due to geographical convenience, we consider that the entering into of the Renewed Asia Optical Group Master Agreement could serve as a means to further fasten the relationship between the Group and its strategic partner. We also consider that the Renewed Asia Optical Group Master Agreement could help define a clearer and more solid framework to ensure that the Non-exempt CCTs would be properly governed and conducted in compliance with the relevant provisions under Chapter 14A of the Listing Rules. We believe that the Company has taken appropriate measures to attain a higher standard of corporate governance, thereby safeguarding the interests of the Shareholders. As such, we concur with the Directors that the entering into of the Renewed Asia Optical Group Master Agreement and the Non-exempt CCTs contemplated thereunder, being carried out in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole.

LETTER FROM GF CAPITAL

Principal terms of the Renewed Asia Optical Group Master Agreement

Pursuant to the Renewed Asia Optical Group Master Agreement, the major terms are as follows:

- Date of the agreement: 25 March 2015
- Parties involved: (i) the Group
(ii) the Asia Optical Group
- Nature of transaction: Sale of the optical and opto-electronic product related plastic and metal parts and components from the Group to Asia Optical Group and the engagement for plating and surface treatment processing.
- Pricing terms: In relation to sale transactions, the pricing basis and policy for the sale of the optical and opto-electronic product related plastic and metal parts and components from the Group to Asia Optical Group shall be determined from time to time after arm's length negotiation in line with industry practice. The Group would agree with customers in advance the unit price of such products before the purchase orders are placed. The Group would provide quotation to each customer calculated with reference to the costs of such products plus expected profit. In principle, the Group has set a target gross profit rate in respect of each product with reference to the average profit rate for the previous year. Each sale of the products shall be on normal commercial terms which at any time are no less favourable than terms available to or from any independent third parties. In determining the actual target gross profit rate of each product, the Board will look at factors including the purchase order volume from customers, whether the transactions would help in stabilising long-term purchase orders placed with the Group and whether the customer is a major customer of the Group.

LETTER FROM GF CAPITAL

The pricing basis and policy for the engagement for plating and surface treatment processing of optical and opto-electronic product related parts and components shall be determined from time to time after arm's length negotiation between parties with reference to the prevailing market price and on normal commercial terms which are no less favourable than those available from other independent suppliers for plating and surface treatment processing services. Before placing a purchase order with suppliers in respect of its engagement processing, the Group will firstly make inquiries to qualified suppliers that meet the Group's conditions, such as quality, price and delivery, and then choose the most appropriate one after comparing prices and taking into account logistics costs.

Payment terms:	Corresponding transactions under the Renewed Asia Optical Group Master Agreement (as referred to the paragraph headlined " <i>Background of and reasons for the transactions</i> " set out above)	Credit period
	Classes (1) to (2), (8) to (9)	90 days
	Classes (3) to (6)	30 days
	Class (7)	120 days
Expiry date:	31 December 2018	

Under both the existing Asia Optical Group Master Agreement and the Renewed Asia Optical Group Master Agreement, the Group shall not offer sale terms to Asia Optical Group that are more favourable than terms available to independent customers. As set out in the Letter from the Board, in determining the selling price for the sale of optical and opto-electronic product related plastic and metal parts and components, the Group generally adopted a cost-plus pricing method, i.e. applied a target gross profit on top of the costs of production in respect of each sale product. In determining the target gross profit rate, the Group would make reference to, among others, the average profit rate figure of previous year, the cost of production, and factors including the selling price of previous orders, order volume, whether such transaction would stabilise the long-term purchase orders from the customer, whether it is a major customer and the market competition. This average profit rate figure is calculated by dividing the gross profit of previous year by the total turnover. As discussed with the management of the Company, in the event the Group faces keen market competition, it would affect both the sales to independent customers and Asia Optical Group on similar types of products. The pricing mechanism and the adjustment in such regards (if any), would therefore be in line with each other. However, in the event that no consensus can be reached upon the negotiation between the Group and the customers with reference to the then target profit rate, the Group will not proceed to accept such orders. We also understand that as an internal control, the Group would keep internal records of the pricing and payment terms of other customers. Before accepting the orders of the sale transactions under the Renewed Asia Optical Group Master Agreement, the Group would retrieve relevant records of the sale transactions of

LETTER FROM GF CAPITAL

similar products with independent customers. This is to ensure that future prices of the products supplied to Asia Optical Group will be on terms no more favourable than those provided to independent third parties in determining prices for the relevant products. We have reviewed certain samples of historical transactions carried out (i) between the Group and the Asia Optical Group on one hand; and (ii) between the Group and independent customers on the other hand in both the financial years of 2013 and 2014 and noticed that the selling prices of products offered to the Asia Optical Group had gross profit margins that were similar to the average profit rate of the previous year and, in the Group's perspective, were no less favourable than those available to independent customers for similar types of products. On this basis, we consider that the sale of the related parts and components for optical and opto-electronic products by the Group to Asia Optical Group have been carried out on normal commercial terms and in accordance with the existing Asia Optical Group Master Agreement.

As to the plating and surface treatment processing transactions, unlike those sales transactions whereby the Group would set the selling prices of the products, the processing fee would be initially set by the suppliers and the Group normally obtains quotations from the qualified suppliers and in general select the one offering the lowest price before making an order unless the order amount is too small to obtain quotation. As an internal control measure, the Group would keep internal records of the pricing and payment terms of other suppliers and would compare such terms with the terms of Asia Optical Group under the Renewed Asia Optical Group Master Agreement. This is to ensure that transactions will be on terms no less favourable to the Group than those with independent third parties. We have reviewed certain samples of historical transactions whereby Shenzhen Sintai, one of the Asia Optical Group members, was engaged for plating and surface treatment processing upon comparing the quotations available, and noticed that the pricing terms from Shenzhen Sintai are no less favourable to the Group than those available from independent service providers. As such, we have reasonable ground to believe that the Company has followed the said procedures in accordance with the relevant pricing policy during the course of sourcing plating and surface treatment processing services.

Taking into consideration the factors that (i) the terms of sales and processing transactions contemplated under the Renewed Asia Optical Group Master Agreement, which was arrived at after arm's length negotiations between the Group and Asia Optical Group, are substantially the same as they are under the existing ones, (ii) transparent policies of the Group with fair basis to determine the price and payment terms relating to the sale of products to the Asia Optical Group and the subscription of services from the Asia Optical Group are in-built in the Renewed Asia Optical Group Master Agreement; (iii) the past transactions under the existing Asia Optical Group Master Agreement have been carried out on normal commercial terms which in turn represents a proof of the Group's capability to comply with the relevant requirements as per Chapter 14A of the Listing Rules; and (iv) appropriate internal control procedures have been imposed to ensure that the terms for transactions involving the sale of products to the Asia Optical Group and the engagement of the Asia Optical Group to provide processing services would be no less favourable than terms available to independent customers or available from independent service providers, we believe that the transactions under the Renewed Asia Optical Group Master Agreement will be carried out on normal commercial terms, which are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM GF CAPITAL

The proposed Annual Caps

The table below sets out the historical aggregated transaction amount of the sales, purchase and processing service transactions between the Group and the Asia Optical Group for each of the three years ended 31 December 2014 and the two months ended 28 February 2015:

	For the year ended 31 December			For the 2 months ended 28 February 2015
	2012	2013	2014	2015
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Sale and processing transactions	13,563	11,591	13,860	1,748
Purchase transaction	239	247	438	56
Total transaction amounts	13,802	11,838	14,298	1,804
Historical annual caps	–	19,830	23,790	28,550
Utilisation rate	–	59.7%	60.1%	37.9%*

Note: Pro-rata based on the transaction amount for the two months ended 28 February 2015

The Board proposes to set the Annual Caps for the Non-exempt CCTs pursuant to the Renewed Asia Optical Group Master Agreement for each of the three years ending 31 December 2018 to be US\$16,806,000. As stated in the Letter from the Board, the Non-exempt CCTs comprise of sale and processing transactions only and the proposed Annual Caps are determined on a gross basis. As discussed with the management of the Company, there is no individual annual cap for each transaction contemplated under the Renewed Asia Optical Group Master Agreement. We have reviewed the historical transaction amounts of the sale, purchase and processing transactions during the past three years and noticed that the sale transactions accounted for over 80% of the annual aggregated transaction amounts during the past three years ended 31 December 2014, while the purchase and processing transactions accounted for the remaining portion.

Proposed Annual Cap for the year ending 31 December 2016

In assessing the basis of the Annual Caps, we have reviewed the management projection of the transaction amount and the relevant information provided by the Company and discussed with the management of the Company on the bases and assumptions in determining the Annual Caps. We note that the actual historical transaction amounts in respect of the sales and processing transactions under the existing Asia Optical Group Master Agreement increased from approximately US\$11.6 million in 2013 to approximately US\$13.9 million in 2014, representing an increase of approximately 19.6%. As discussed with the management of the Company, we understand that such improvement was mainly attributable to the recovery from (i) the European debt crisis which has adversely affected the consumption of digital cameras products, and (ii) the bankruptcy of a major customer of Asia Optical Group, all of which reduced the purchase orders of optical and opto-electronic product related parts and components from Asia Optical Group in 2012 and 2013.

LETTER FROM GF CAPITAL

The utilisation rate of the historical annual caps was approximately 60% for both 2013 and 2014, respectively. The utilisation rate for 2015, on a pro-rata basis with reference to the transaction amount of approximately US\$1.8 million for the two months ended 28 February 2015, would be approximately 38%. The management of the Company expressed that the transactions are usually picked up in the second half of a year and therefore such utilisation rate on a pro-rata basis may not be representative to reflect the actual full year transaction amount. In light of the low utilisation rate of the existing annual caps, the Board therefore adjusted the Annual Caps downward to US\$16,806,000 according to the projected transaction amount with Asia Optical Group for the year ending 31 December 2016, representing a decrease of approximately 29% and 41% as compared to the historical annual caps for 2014 and 2015, respectively. We understand from the management of the Company that such downward adjustment was made after taking into consideration (i) the gradual transformation of the Asia Optical Group due to the effect of improvement in smartphone technology on the digital camera market; (ii) the purchases under the existing Asia Optical Group Master Agreement are no longer included under the Renewed Asia Optical Group Master Agreement; and (iii) the number of sale transactions decreased from 16 under the existing Asia Optical Group Master Agreement to only 8 under the Renewed Asia Optical Group Master Agreement. As such, we are of the view that the Annual Cap as compared to those existing ones is justifiable notwithstanding the low historical utilisation rate.

The Annual Cap of US\$16,806,000 for 2016 represents an increase of approximately 21.3% (compound annual growth rate (“CAGR”): approximately 10.1%) over the historical sales and processing transaction amount for the year ended 31 December 2014. As set out in the Letter from the Board, the Annual Caps have been determined with reference to (i) the growth rate of actual transaction amount of 2014 over the previous year; (ii) the inflation in the market; (iii) the market conditions; and (iv) additional buffer, which in aggregate contribute to the overall expected growth rate of approximately 10.1% on annualised basis.

*(i) Historical growth rate of the transaction amount for the year ended 31 December 2014 and
(ii) market conditions*

We note that the management of the Company has made reference to the historical growth rate of the sale and processing transactions of 2014 over the previous year, which is approximately 19.6%. Upon our enquiries, we understand from the management that they expected the same growth in the future transaction amount with Asia Optical Group would be attained over a two year horizon, representing a CAGR of approximately 9.4%, mainly due to the expectation that the subsequent growth of the transactions with Asia Optical Group may slow down amid the uncertain market conditions. In assessing the fairness and reasonableness on such estimated growth rate, we have discussed with the management and noted that such moderate growth rate is estimated on a prudent approach mainly after taking into account (i) the decrease of historical sale and processing transaction amount with Asia Optical Group between 2012 and 2013 as a result of the prolonged unfavourable market conditions, which was also in line with the Group’s total sales during the corresponding period; and (ii) the growth of historical sale and processing transaction amount with Asia Optical Group between 2013 and 2014 represented a rebound from the trough which has a relatively smaller base value and

LETTER FROM GF CAPITAL

would result in a relatively higher growth rate as compared to the growth in subsequent periods given that currently the management does not foresee any significant market driver which could act as a catalyst and maintain such pace of growth. As such, we consider that the adoption of a moderate growth rate as compared to the historical growth is justifiable and reasonable.

On the other hand, the market condition factor reduced the overall expected growth rate by approximately 3.5%. According to an article in volume 29 of “TWICE: This Week in Consumer Electronics” which contained data from International Data Center, a global provider of market intelligence for the information technology, telecom and consumer technology markets, the total U.S. digital still camera shipment is expected to decrease by approximately 23.6% from 2014 to 2016, representing a CAGR of approximately -12.6%, while the for multifunction peripherals will grow by a CAGR of approximately 3.8% during the respective period. We have enquired into the relevance of such market statistics to the expected transaction amount with Asia Optical Group and notice that the parts and component sold to Asia Optical Group were substantially applied on digital cameras and multifunction peripherals. By multiplying the respective weighting to such growth rates based on the relative portion of the sale amounts on these two types of products, a market factor of approximately -3.5% has been applied to the overall growth rate.

As set out in the Company’s annual result announcement for the financial year ended 31 December 2014, coupled with other factors such as economic slowdown and changing economic conditions, it is anticipated that the external operating environment remains challenging. Based on our discussion with the management, as there are still around three quarters remaining for 2015 and the historical transaction amount for the first quarter of 2015 was influenced by seasonal factors, reference for estimated transaction amount is made to that for 2014 on a full year basis rather than on pro-rata basis using the currently available one for 2015. In light of these, we concur with the view of the management of the Company that it is justifiable to take into account the historical growth rate of 2014 and adjust it by a board market environment factor in determining the overall growth rate.

(iii) Inflation and (iv) additional buffer

We understand that the management of the Company has taken into consideration of an inflation factor of approximately 2.4% and a moderate buffer of approximately 1.8% in determining the proposed Annual Caps. The Company considered that the expected increase in manufacturing costs of optical and opto-electronic product related parts and components, e.g. raw material costs and labour costs, will be caused by the general inflation. In assessing the expected inflation rate, we have reviewed the “World Economic Outlook” published by International Monetary Fund in October 2014. According to the report, the world inflation is estimated to be around 2% for 2015. In relation to China, the inflation rate is projected to be ranged from 2.5% to 3.0% during 2015 to 2018. Also, the buffer factor of approximately 1.8%, representing approximately US\$551,000 out of the annual cap amount of US\$16,806,000, is set to cater for any unexpected increase in transactions with Asia Optical Group which would provide flexibility for the Company and avoid any undesired interruption on daily business activities of the Group. The buffer accounts for approximately 3.3% in term of the cap amount. As such, we consider that the inflation factor and the buffer factor have been built into the overall expected growth rate on a justifiable and reasonable basis.

LETTER FROM GF CAPITAL

Proposed Annual Caps for the years ending 31 December 2017 and 2018

Likewise, the proposed Annual Caps for the two years ending 31 December 2017 and 2018 are set at a same level as that for 2016. Upon our further enquiries, we understand that the management currently expects that the estimated transaction amount for 2017 and 2018 would assume to be steady or be similar to the expected level for 2016 and therefore consider not to incorporate the abovementioned factors as detailed as in determining the annual cap amount for 2016, given that (i) currently it would be imprudent to predict the subsequent future trend of the sale and processing transactions with Asia Optical Group after 2016 in view of the historical fluctuation during 2012 to 2014 and the absence of sufficient transaction data of 2015; and (ii) the management currently does not foresee any material factor which may have significant influence on the transaction level with Asia Optical Group after 2016. In light of these, we consider the cap amounts for 2017 and 2018 are reasonable taking into account the historical transactions and management expectation. In the event that the Board foresees there is any necessity to revise the Annual Caps, the Company will comply in full with all applicable reporting, disclosure and shareholders' approval requirements of Chapter 14A of the Listing Rules.

Having considered the above, we are of the view that the basis of determination of the proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that as the Annual Caps are relating to future events and are estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2018, thus they do not represent forecasts of revenue to be generated and/or actual cost to be spent under the transactions contemplated under the Renewed Asia Optical Group Master Agreement. As such, we express no opinion as to how closely the actual revenue to be generated and/or actual cost to be spent under the Renewed Asia Optical Group Master Agreement will correspond with the proposed caps.

LETTER FROM GF CAPITAL

Listing Rules' implications

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the Non-exempt CCTs (including the Annual Caps) for the three years ending 31 December 2018 would be subject to the following conditions:

- (i) the independent non-executive Directors must review the Non-exempt CCTs every year and confirm in the annual reports whether the Non-exempt CCTs have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) on normal commercial terms or better; and
 - (c) according to the Renewed Asia Optical Group Master Agreement governing the Non-exempt CCTs on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (ii) the Company must engage its auditors to report on the Non-exempt CCTs for each financial year of the Company and that the Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Non-exempt CCTs:
 - (a) have not been approved by the Board;
 - (b) were not, in all material respects, in accordance with the pricing policy of the Group if the transaction involves the provision of goods or services by the Group;
 - (c) were not entered into, in all material respects, in accordance with the Renewed Asia Optical Group Master Agreement governing the Non-exempt CCTs; and
 - (d) the transacted amount of the Non-exempt CCTs under the Renewed Asia Optical Group Master Agreement have exceeded the Annual Caps;

In view of the Non-exempt CCTs will be subject to annual review by the independent non-executive Directors and the auditors of the Company, we are of the view that appropriate measures will be in place to govern the conduct of the Non-exempt CCTs and safeguard the interests of the Independent Shareholders.

LETTER FROM GF CAPITAL

RECOMMENDATION

Having considered the principal factors discussed above, we are of the view that the entering into of the Renewed Asia Optical Group Master Agreement and the Non-exempt CCTs contemplated thereunder are conducted in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole and that the terms of the Renewed Asia Optical Group Master Agreement (including the Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Shareholders, and we recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM for approving the Non-exempt CCTs under the Renewed Asia Optical Group Master Agreement (including the Annual Caps).

Yours faithfully,

For and on behalf of

GF Capital (Hong Kong) Limited

Danny Wan

Managing Director

Harry Yu

Director

Note: Mr. Danny Wan and Mr. Harry Yu are licensed persons registered with the SFC and responsible officers of GF Capital (Hong Kong) Limited to carry on Type 6 (advising on corporate finance) regulated activity under the SFO. Both of them have over 20 years of experience in the corporate finance industry, and have participated in the provision of independent financial advisory services for various connected transactions involving companies listed in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to be interested in under such provision of the SFO), or as recorded in the register required to be kept under section 352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

3. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other Shareholders, other than the Directors or chief executive of the Company, who had an interest or short position in Shares or underlying Shares of the Company, which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each such person's interest in such securities, together with particulars of any options in respect of such capital, or as otherwise recorded in the register required to be kept by the Company under section 336 of the SFO:

(I) Long positions in Shares and underlying Shares of the Company

Name of Shareholder of the Company	Type of interest	Total number of Shares/ underlying Shares in the Company	Percentage of issued share capital in the Company
Asia Optical International Ltd.	Beneficial owner	186,833,000	22.57%
Asia Optical Co., Inc.	Interest of a controlled corporation	226,833,000 (Note 1)	27.40%
Ability Enterprise (BVI) Co., Ltd.	Beneficial owner	143,817,000	17.37%
Ability Enterprise Co., Ltd.	Interest of a controlled corporation	143,817,000 (Note 2)	17.37%
Fortune Lands International Ltd.	Founder of discretionary trust	113,000,000 (Note 3)	13.65%
Mr. Chen Yao Tang	Interest of a controlled corporation	113,000,000 (Note 4)	13.65%
Ms. Ho Shun Chun	Interest of a spouse	113,000,000 (Note 5)	13.65%
Webb David Michael	Beneficial owner	50,204,000	6.06%

Notes:

1. Asia Optical Co., Inc. holds 100% direct interest in the issued share capital of Asia Optical International Ltd. ("AOIL") and therefore is taken to be interested in an aggregate of 186,833,000 Shares held by AOIL.
2. Ability Enterprise Co., Ltd. holds 100% direct interest in the issued share capital of Ability Enterprise (BVI) Co., Ltd. ("Ability Enterprise BVI") and therefore is taken to be interested in an aggregate of 143,817,000 Shares held by Ability Enterprise BVI.
3. As recorded in the register required to be kept under section 336 of the SFO, Fortune Lands is the founder of the Yorkey Employee's Trust and is the registered owner of 113,000,000 Shares which it holds as trustee of the Yorkey Employees' Trust.
4. As recorded in the register required to be kept under section 336 of the SFO, Mr. Chen Yao Tang, being the sole shareholder of Fortune Lands, is taken to be interested in an aggregate of 113,000,000 Shares held by Fortune Lands.
5. As recorded in the register required to be kept under section 336 of the SFO, Ms. Ho Shu Chun, the spouse of Mr. Chen Yao Tang, is taken to be interested in an aggregate of 113,000,000 Shares in which Mr. Chen Yao Tang is interested in.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his associates (as would be required to be disclosed under Rule 8.10 of the Listing Rules if any of them was a controlling Shareholder) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contracts with any members of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

6. EXPERT

- (a) The following is the qualification of the independent financial adviser, which has given its opinions or advices contained in this circular:

Name	Qualification
GF Capital	a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities under the SFO

- (b) As at the Latest Practicable Date, GF Capital did not have any shareholding, direct or indirect, in the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Group, nor did it have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to the Group or were proposed to be acquired or disposed of by or leased to the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up.
- (c) GF Capital has given and has not withdrawn its consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

7. DIRECTOR'S INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to any members of the Group or are proposed to be acquired or disposed of by or leased to any members of the Group since 31 December 2014, being the date up to which the latest published audited financial statements of the Group were made.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any members of the Group subsisting at the date of this circular which is significant in relation to the business of the Group.

8. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited financial statements of the Group were made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company at Workshops 1-2, 6th Floor, Block A, Goldfield Industrial Centre, 1 Sui Wo Road, Shatin, New Territories, Hong Kong up to and including the date of EGM:

- (a) Renewed Asia Optical Group Master Agreement;
- (b) the letter from GF Capital to the Independent Board Committee and the Independent Shareholders; and
- (c) the consent letter issued by GF Capital as referred to in the paragraph headed “Expert” in this appendix.

NOTICE OF EGM

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Yorkey Optical International (Cayman) Ltd. (the “**Company**”) will be held at The Charterhouse Hotel, 209-219 Wanchai Road, Hong Kong on Thursday, 18 June 2015 at 11:00a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the annual caps of US\$16,806,000, US\$16,806,000 and US\$16,806,000 (the “**Annual Caps**”), being the annual caps for the years ending 31 December 2016, 31 December 2017 and 31 December 2018 respectively, in respect of the continuing connected transactions contemplated under the agreement dated 25 March 2015 entered into between the Company and its subsidiaries (“**the Group**”) and Asia Optical Group in respect of the sale of the optical and opto-electronic product parts and components made with plastic and/or metallic materials, moulding, coating and printing related products from the Group to Asia Optical Group and the engagement of Asia Optical Group for plating and surface treatment processing (the “**Renewed Asia Optical Group Master Agreement**”) be and are hereby generally and unconditionally approved and that the directors of the Company be and are hereby authorized to take all actions and execute all documents which they deem necessary, desirable or appropriate in order to implement and validate anything relating to the Renewed Asia Optical Group Master Agreement, the continuing connected transactions contemplated thereunder and the Annual Caps.”

By Order of the Board

Yorkey Optical International (Cayman) Ltd.

Nagai Michio

Chief Executive Officer and Executive Director

Hong Kong, 5 May 2015

Principal place of business in Hong Kong:

Workshops 1-2, 6th Floor

Block A, Goldfield Industrial Centre

1 Sui Wo Road

Shatin

New Territories

Hong Kong

* *For identification purpose only*

NOTICE OF EGM

Notes:

1. Any member entitled to attend and vote at the general meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares is entitled to appoint more than one proxy to represent him and vote on his behalf at the general meeting of the Company. A proxy is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll, votes may be given either in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power of authority shall be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than forty-eight (48) hours before the time for holding the general meeting or adjourned meeting (as the case may be) at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution, except at an adjourned meeting or on a poll demanded at a general meeting or an adjourned meeting in cases where the general meeting was originally held within 12 months from such date.
4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share, any one of such joint holder may vote at the meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting either in person or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share(s) shall alone be entitled to vote in respect thereof.
6. A form of proxy for use at the extraordinary general meeting is enclosed herewith.