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China Optoelectronics Holding Group Co., Limited

中國光電控股集團有限公司

(Incorporated in Bermuda with limited liability)

Website: www.chnoe.com

(Stock Code: 1332)

**DISCLOSEABLE TRANSACTION
THE SUBSCRIPTION OF CONVERTIBLE NOTE**

THE SUBSCRIPTION

On 23 December 2015 (after trading hours), Big Focus (an indirect wholly-owned subsidiary of the Company) and Win Wind entered into the Subscription Agreement, pursuant to which Win Wind has conditionally agreed to issue, and Big Focus has conditionally agreed to subscribe the Convertible Note in an aggregate principal amount of HK\$150 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

Shareholders and potential investors should be aware that completion of the Subscription is subject to certain conditions, as set out in the subsection headed “Conditions precedent” in this announcement, being satisfied, and consequently the Subscription may or may not proceed. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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THE SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are set out below:

Date : 23 December 2015

Parties : Big Focus; and
Win Wind

To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, Win Wind and its ultimate beneficial owner is an Independent Third Party.

Principal amount of the Convertible Note to be subscribed by Big Focus : An aggregate principal amount of HK\$150 million, subject to the fulfillment of the conditions precedent set out below, and the consideration of HK\$150 million shall be paid in cash upon the completion of the Subscription.

Conditions precedent : The respective obligations of Win Wind and Big Focus to effect completion of the Subscription shall be conditional upon the following:-

- (i) the passing by the board of directors of Big Focus and the Company of a resolution to approve the Subscription Agreement, the transactions contemplated thereunder including the Subscription;
- (ii) all other consents or approval of any relevant governmental authorities, regulatory bodies and/or other relevant third parties, in Hong Kong or elsewhere which if required for the entry into and the implementation of the Subscription Agreement having been obtained, including all filings with any relevant governmental authorities or other relevant third parties in Hong Kong or elsewhere which if required for the entering into and the implementation of the Subscription Agreement having been made;
- (iii) the passing by the board of directors of Win Wind of a resolution to approve the issue of the Convertible Note and the issue of Conversion Shares thereunder; and
- (iv) the due diligence investigation on Win Wind Group to be carried out having been completed to the satisfaction of Big Focus in its sole discretion.

If the conditions have not been fulfilled (or waived by Big Focus except for the conditions referred to in (i), (ii) and (iii) which cannot be waived) on or before 5:00 p.m. on 22 January 2016 (or such other date as Win Wind and Big Focus may agree in writing), the Subscription Agreement shall thereupon terminate. On termination of the Subscription Agreement, the parties shall have no further claims against each other under the Subscription Agreement for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

Completion Date : Completion of the Subscription shall take place on the third Business Day after the date on which all of the conditions precedent of the Subscription Agreement are fulfilled or waived by Big Focus (or such other time and date as the parties may agree).

TERMS OF THE CONVERTIBLE NOTE

The principal terms of the Convertible Note are set out below:–

Principal amount : An aggregate principal amount of HK\$150 million

Issue date : On the Completion Date

Issue price : 100% of the principal amount

Interest : At the rate of 2% per annum payable in arrear quarterly from the issue date

Maturity date : The third anniversary following the issue date

Conversion : The Convertible Noteholder(s) shall have the rights in the manner provided in the terms and conditions of the Convertible Note to convert the whole or any part (in an authorised denomination of HK\$5,000,000) of the outstanding principal amount of the Convertible Note at any time from the issue date thereof up to (and excluding) the commencement of the 7 (seven) calendar days period ending on (and including) the maturity date into Conversion Shares at the Conversion Price (subject to adjustments).

Conversion condition : The Convertible Noteholder's exercise of Conversion Rights hereunder is conditional on all consents or approvals of any relevant governmental authorities, regulatory bodies or other relevant third parties in Hong Kong or elsewhere which are required or appropriate for the exercise of the Conversion Rights and issue of Conversion Shares thereunder having been obtained, including all filings with any relevant governmental authorities or other relevant third parties in Hong Kong or elsewhere which are required or appropriate for the exercise of the Conversion Rights and issue of Conversion Shares having been made (including but not limited to the approval of the Securities and Futures Commission under Section 132 of the SFO for any change in "substantial shareholder" of the relevant member of Win Wind Group, if required).

Conversion Price : The initial conversion price of the Convertible Note is HK\$30 per Ordinary Share, representing a discount of approximately 13.3% to the unaudited net assets value per share of Win Wind as at 31 October 2015.

The Conversion Price will be subject to adjustments for (1) pay a dividend or make a distribution on the outstanding Ordinary Shares payable in cash or in specie, (2) subdivide the outstanding Ordinary Shares into a larger number of shares, (3) combine the outstanding Ordinary Shares into a smaller number of shares or (4) issue any Ordinary Shares or effect a reclassification of Ordinary Shares, then, and in each such case, the Conversion Price in effect immediately prior to such event shall if necessary be adjusted so that the Convertible Noteholder(s) shall be entitled to receive the number of Ordinary Shares or other securities of Win Wind that the Convertible Noteholder(s) would have owned or would have been entitled to receive upon or by reason of any of the events described above, had the Convertible Note been converted immediately prior to the occurrence of such event.

Ranking of the Conversion Shares : Ordinary Shares issued upon conversion shall rank pari passu in all respects with all other existing Ordinary Shares outstanding at the conversion date and the Convertible Noteholder(s) shall be entitled in respect of its Conversion Shares to all dividends and other distributions the record date of which falls on a date on or after the conversion date.

Voting : The Convertible Noteholder(s) will not be entitled to receive notices of, attend or vote at any meetings of Win Wind by reason only of being the Convertible Noteholder(s).

Transferability : Neither the Convertible Note (nor any part thereof) can be transferred without the prior written consent of Win Wind and cannot be assigned. Upon the grant of written consent by Win Wind and subject to any conditions, approvals, requirements and any other provisions (including but not limited to Listing Rules and the SFO requirements), the Convertible Note or the relevant part of it may be transferred if, and only if, the transfer is in accordance with the terms and conditions of the Convertible Note.

Subject to the terms and conditions of the Convertible Note, any transfer of the Convertible Note shall be in respect of the whole or any part (in an authorised denomination of HK\$5,000,000) of the outstanding principal amount of the Convertible Note. Title to the Convertible Note passes only upon a duly executed transfer in compliance with the terms and conditions of the Convertible Note and subject to the prior written approval by Win Wind of the relevant transfer.

Win Wind shall not be required to effect the transfer of the Convertible Note (or any part thereof) (i) during the period of 15 Business Days up to and including the due date for any payment of principal or premium, if any, on the Convertible Note; (ii) in respect of which a conversion notice has been given in accordance with the terms and conditions of the Convertible Note.

Early redemption : Win Wind may at any time and from time to time, by written notice to the Convertible Noteholder(s) elect to redeem the whole or part (being an authorised denomination of HK\$5,000,000) of the then outstanding principal amount of the Convertible Note at an amount equal to 100% of the principal amount of the Convertible Note sought to be redeemed as specified in such notice, to the extent unpaid, on the principal amount of the Convertible Note thereby redeemed from the date of issue of the Convertible Note together with interests incurred up to but excluding the date of payment of the sums due on redemption.

INFORMATION OF WIN WIND GROUP

The principal business activity of Win Wind is investment holding and Win Wind Group is principally engaged in the financial services sector, including carrying on Types 1, 4, 6 and 9 regulated activities under the SFO and the money lending activities under the Money Lenders Ordinance (Cap. 163, Laws of Hong Kong), i.e. provision of securities brokerage services, placing and underwriting services, the provision of corporate finance advisory services, trading and investment of securities, provision of margin financing, money lending services, investment advisory and management services.

Set out below is the unaudited consolidated financial information of Win Wind Group prepared in accordance with Hong Kong Financial Reporting Standards:

	For the years ended 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profits before tax	384,143	534,806
Profits after tax	381,476	527,789

As at 31 October 2015, the unaudited consolidated net asset value of Win Wind Group was approximately HK\$3,523 million.

INFORMATION OF THE COMPANY AND THE GROUP

The principal activities of the Company are investment holding and provision of corporate management services. The Group is principally engaged in (i) the design, development, manufacture and sale of packaging products and point-of-sales display units; (ii) securities investment and trading business as well as (iii) money lending business.

“Business Day”	a day (other than a Saturday or a Sunday or public holidays) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“Company”	China Optoelectronics Holding Group Co., Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1332)
“Completion Date”	the date of completion of the Subscription
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the price at which each Ordinary Share is to be issued upon exercise of the Conversion Rights, being HK\$30 (subject to adjustments)
“Conversion Rights”	the rights attached to the Convertible Note to convert the principal amount or a part thereof into Ordinary Shares subject to terms and conditions of the Convertible Note
“Conversion Share(s)”	Ordinary Share(s) to be issued by Win Wind under the Convertible Note (whether upon the exercise by the Convertible Noteholder(s) of the Conversion Rights or otherwise pursuant to the terms and conditions of the Convertible Note)
“Convertible Note”	an interest at the rate of 2% per annum bearing convertible redeemable note to be issued by Win Wind to Big Focus in the principal amount of HK\$150 million in one or more batches pursuant to the Subscription Agreement
“Convertible Noteholder(s)”	holder(s) of the Convertible Note
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are independent of and not connected with the Company or any Director, chief executive, substantial shareholder (as defined under the Listing Rules) or connected persons of the Company or any of its subsidiaries or any of their respective associates

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary Share(s)”	the ordinary share(s) in the share capital of Win Wind
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shares”	ordinary share(s) with par value of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Big Focus of the Convertible Note in one or more batches of an aggregate principal amount of HK\$150 million pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 23 December 2015 entered into between Big Focus and Win Wind (after trading hours) in relation to the Subscription
“Win Wind”	Win Wind Capital Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Enerchina Holdings Limited (stock code: 622), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Win Wind Group”	Win Wind, its subsidiaries and the associated company, if any
“%”	per cent.

By order of the Board
China Optoelectronics Holding Group Co., Limited
Lam How Mun Peter
Chairman

Hong Kong, 23 December 2015

As at the date of this announcement, the Board comprises the following Directors:-

Executive Directors

Ms. Poon Ho Yee Agnes (*Managing Director*)
Ms. Lin Ying
Mr. Lo Yuen Wa Peter
Ms. Sun Dixie Hui

Non-executive Director

Dr. Lam How Mun Peter (*Chairman*)

Independent Non-executive Directors

Mr. Chan Sze Hung
Mr. Cheung Wing Ping
Mr. Ha Kee Choy Eugene
Mr. Man Wai Chuen
Mr. To Shing Chuen