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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)

(1) MAJOR TRANSACTION - SUBSCRIPTION OF SHARES IN WIN WIND CAPITAL LIMITED

AND

(2) ISSUE OF SHARES TO WIN WIND CAPITAL LIMITED UNDER SPECIFIC MANDATE

Financial Adviser to the Company

Freeman Corporate Finance Limited

THE SUBSCRIPTION AGREEMENT

On 30 March 2016 (after trading hours), the Company entered into the Subscription Agreement with Win Wind pursuant to which both parties have conditionally agreed as follows:

- (1) the Company shall subscribe for, and Win Wind shall issue and allot, 13,600,000 WW Subscription Shares (representing approximately 13.36% of the existing issued share capital of Win Wind as at the date of this announcement and approximately 11.78% of the enlarged issued share capital of Win Wind immediately after issuing the WW Subscription Shares) credited as fully paid to the Company (or its nominee) at a price of HK\$30.00 per WW Subscription Share, free from all Encumbrances, for a total consideration of HK\$408,000,000;
- (2) Win Wind shall subscribe for, and the Company shall issue and allot, 2,040,000,000 CO Subscription Shares (representing approximately 39.97% of the existing issued share capital of the Company as at the date of this announcement and approximately 28.56% of the enlarged issued share capital of the Company immediately after issuing the CO Subscription Shares) credited as fully paid to Win Wind (or its nominee) at a price of HK\$0.20 per CO Subscription Share under the Specific Mandate, free from all Encumbrances, for a total consideration of HK\$408,000,000; and

(3) Win Wind shall fully redeem the Convertible Note held by the Noteholder.

All of the above shall take place simultaneously.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Win Wind and its ultimate beneficial owners (save as disclosed herein) are third parties independent of the Company and its connected persons as defined under the Listing Rules.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the WW Subscription exceeds 25% but are below 100%, the subscription of the WW Shares under the Subscription Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

SGM

The SGM will be convened and held for the Shareholders to consider, and if thought fit, pass the relevant resolutions to approve, among other matters, the Subscription Agreement and the transactions contemplated thereunder including the grant of Specific Mandate to issue and allot the CO Subscription Shares.

GENERAL

A circular containing, among other things, (i) further details of the Subscription Agreement and the transactions contemplated thereunder; (ii) the grant of Specific Mandate to issue and allot CO Subscription Shares, (iii) other information as required to be disclosed under the Listing Rules; and (iv) a notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 30 April 2016.

The reason that the expected date of despatch of the circular is more than 15 Business Days after the publication of this announcement is the Company needs time to prepare relevant financial information to be contained in the circular.

As the Completion of the Subscription Agreement is subject to the satisfaction of the Conditions contained therein and it may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

On 30 March 2016 (after trading hours), the Company entered into the Subscription Agreement with Win Wind pursuant to which both parties have conditionally agreed as follows:

- (1) the Company shall subscribe for, and Win Wind shall issue and allot, 13,600,000 WW Subscription Shares (representing approximately 13.36% of the existing issued share capital of Win Wind as at the date of this announcement and approximately 11.78% of the enlarged issued share capital of Win Wind immediately after issuing the WW Subscription Shares) credited as fully paid to the Company (or its nominee) at a price of HK\$30.00 per WW Subscription Share, free from all Encumbrances, for a total consideration of HK\$408,000,000;
- (2) Win Wind shall subscribe for, and the Company shall issue and allot, 2,040,000,000 CO Subscription Shares (representing approximately 39.97% of the existing issued share capital of the Company as at the date of this announcement and approximately 28.56% of the enlarged issued share capital of the Company immediately after issuing the CO Subscription Shares) credited as fully paid to Win Wind (or its nominee) at a price of HK\$0.20 per CO Subscription Share under the Specific Mandate, free from all Encumbrances, for a total consideration of HK\$408,000,000; and
- (3) Win Wind shall fully redeem the Convertible Note held by the Noteholder.

All of the above shall take place simultaneously.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Win Wind and its ultimate beneficial owners (save as disclosed herein) are third parties independent of the Company and its connected persons as defined under the Listing Rules.

CONDITIONS

The respective obligations of the Company and Win Wind to effect Completion shall be conditional upon the following:-

- (1) the Company having convened the SGM at which resolutions shall have been passed by its Shareholders, by way of poll, to approve the Subscription Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate in accordance with the Listing Rules;
- (2) the Listing Committee of the Stock Exchange having granted approval for the listing of and permission to deal in the CO Subscription Shares;
- (3) the passing of the necessary resolution(s) by the sole shareholder of Win Wind (i.e. Enerchina) to approve the issue and allotment of the WW Subscription Shares by Win Wind to the Company (or its nominee); and

- (4) if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Subscription Agreement and any of the transaction contemplated thereunder.

If the Conditions have not been fulfilled on or before 5:00 p.m. on 31 July 2016 (or such other date as the parties may agree in writing), the Subscription Agreement shall lapse and become null and void and the parties shall be released from all obligations under the Subscription Agreement, save for any liability arising out of any antecedent breaches.

COMPLETION

Completion of the WW Subscription, the CO Subscription and the CN Redemption shall take place simultaneously on or before the third Business Day after all of the Conditions have been satisfied at such place and time as the parties may agree where all (but not part of) of the matters set out in the Subscription Agreement shall take place.

THE WW SUBSCRIPTION

Pursuant to the Subscription Agreement, the Company has agreed to subscribe, and Win Wind has agreed to allot and issue to the Company or its nominee, 13,600,000 WW Subscription Shares, for a total consideration of HK\$408,000,000, which represent approximately 13.36% of the existing issued share capital of Win Wind as at the date of this announcement, and approximately 11.78% of the issued share capital of Win Wind as enlarged by the WW Subscription Shares that fall to be issued pursuant to the Subscription Agreement.

The WW Subscription Shares, when issued, shall rank *pari passu* in all respects *inter se* and with all other WW Shares in issue as at the date of Completion.

Subscription price for the WW Subscription Shares

The subscription price of HK\$30.00 per WW Subscription Share represents a discount of approximately 8.59% to the unaudited consolidated net asset value per WW Share of approximately HK\$32.82 as at 31 December 2015.

The subscription price for the WW Subscription Shares was determined after arm's length negotiation between the Company and Win Wind by reference to the net asset value per WW Share. The Directors consider that the terms of the WW Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE CO SUBSCRIPTION

Pursuant to the Subscription Agreement, Win Wind has agreed to subscribe, and the Company has agreed to allot and issue to Win Wind or its nominee, 2,040,000,000 CO Subscription Shares, for a total consideration of HK\$408,000,000, which represents approximately 39.97% of the existing issued share capital of the Company as at the date of this announcement, and approximately 28.56% of the issued share capital of the Company as enlarged by the CO Subscription Shares that fall to be issued pursuant to the Subscription Agreement.

The CO Subscription Shares, when issued, shall rank *pari passu* in all respects *inter se* and with all other Shares in issue as at the date of Completion.

Subscription price for the CO Subscription Shares

The subscription price of HK\$0.20 per CO Subscription Share represents:

- (i) a discount of approximately 40.30% to the closing price of HK\$0.335 per Share of the Company as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 38.84% to the average closing price of approximately HK\$0.327 per Share of the Company as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 17.65% to the audited consolidated net asset value per Share of approximately HK\$0.17 of the Company as at 31 December 2015.

The subscription price for the CO Subscription Shares was determined after arm's length negotiation between the Company and Win Wind by reference to the recent market prices of the Shares as well as the net asset value per Share of the Company. The Directors consider that the terms of the CO Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Specific Mandate

The CO Subscription Shares will be issued and allotted under the Specific Mandate to be sought at the SGM.

Application for listing

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the CO Subscription Shares to be issued pursuant to the Subscription Agreement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Name of Shareholders	(i) As at the date of this announcement		(ii) Immediately upon Completion of the CO Subscription	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Amazing Bay Limited (Note 1)	1,459,641,400	28.60	1,459,641,400	20.43
Dr. Lam How Mun Peter (Note 2)	398,150	0.01	398,150	0.01
Ms. Poon Ho Yee Agnes (Note 2)	130,000	0.00	130,000	0.00
Win Wind or its nominee	-	-	2,040,000,000	28.56
Existing public Shareholders	3,643,523,201	71.39	3,643,523,201	51.00
Total	<u>5,103,692,751</u>	<u>100.00</u>	<u>7,143,692,751</u>	<u>100.00</u>

Notes:

- 1,459,641,400 of such Shares are held through Amazing Bay Limited, a company wholly-owned by Ms. Lo Ki Yan Karen (“Ms. Lo”). Accordingly, Ms. Lo is deemed to be interested in the same number of Shares held through Amazing Bay Limited.
- Dr. Lam How Mun Peter is the non-executive Director of the Company and Ms. Poon Ho Yee Agnes is the executive Director of the Company.

CN REDEMPTION

As announced on 23 December 2015, the Company through the Noteholder subscribed for the Convertible Note in the aggregate principal amount of HK\$150 million with the initial conversion price of HK\$30.00 per WW Share. The Convertible Note will be fully redeemed together with all accrued interests by Win Wind upon Completion.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any other fund raising activities in the past twelve months before the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds
21 April 2015, 29 April 2015, 15 May 2015 and 8 June 2015	Placing of 287,531,980 warrants (“First Warrants Placing”) at the issue price of HK\$0.01 each entitling the holders thereof to subscribe for Shares (“First Warrant Shares”) at the exercise price of HK\$0.56 per Share	Approximately HK\$158.88 million	The net proceeds from the First Warrants Placing amount to approximately HK\$2.88 million which was raised for the general working capital of the Group. Any additional net proceeds from the issue of the First Warrant Shares of a maximum amount of	The net proceeds of approximately HK\$2.88 million was used as intended The First Warrant Shares were cancelled on 28 January 2016. Due to the Cancellation, no further proceeds will

			approximately HK\$156 million will also be applied as the general working capital and as funds for future business development of the Group	be raised from the issue of First Warrant Shares
13 May 2015 and 8 June 2015	Placing of 287,531,992 warrants (“Second Warrants Placing”) at the issue price of HK\$0.01 each entitling the holders thereof to subscribe for Shares (“Second Warrant Shares”) at the exercise price of HK\$0.608 per Share	Approximately HK\$171.48 million	The net proceeds from the Second Warrants Placing amount to approximately HK\$2.88 million which was raised for the general working capital of the Group. Any additional net proceeds from the issue of the Second Warrant Shares of a maximum amount of approximately HK\$168.60 million will also be applied as the general working capital and as funds for future business development of the Group	The net proceeds of approximately HK\$2.88 million was used as intended The Second Warrant Shares were cancelled on 28 January 2016. Due to the Cancellation, no further proceeds will be raised from the issue of Second Warrant Shares
30 November 2015	Placing of 575,063,972 new Shares (“Share Placing”) on best effort basis under general mandate at the placing price of HK\$0.16 each	Approximately HK\$89.25 million	For the general working capital of the Group and/or to fund the expansion of its business	The net proceeds was used in securities investment and trading business
2 December 2015 and 13 January 2016	Subscription of 575,063,972 new Shares under specific mandate at the subscription price of HK\$0.16 each	Approximately HK\$92.01 million	For partial repayment of debts of the Company	The net proceeds was used as intended

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, 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. Some of its subsidiaries are licensed to carry on Types 1, 4, 6 and 9 regulated activities under the SFO and the money lending activities under the Money Lenders Ordinance (Chapter 163, Laws of Hong Kong).

Set out below is the unaudited consolidated financial information of Win Wind Group:-

	For the period from 1 January to 31 December	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profits before tax	656,614	898,572
Profits after tax	645,248	621,041

As at 31 December 2015, the unaudited consolidated net asset value of Win Wind Group was approximately HK\$3,342 million.

INFORMATION OF THE GROUP

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENT

Win Wind Group has a proven track record and was extremely profitable as can be seen in the unaudited consolidated financial information of Win Wind Group outlined above. After making the investment in the Convertible Note and learning more about Win Wind Group, the Company is increasingly confident and optimistic about Win Wind Group's business model and financial performance going forward. Both the Company and Win Wind are engaged in the financial services industry. The Company also considers that further investment through the Subscription Agreement may achieve a synergy effect between both parties.

In addition, the Directors consider the terms of the Subscription Agreement to be commercially attractive in that the CO subscription Shares are issued by the Company at a premium of about 17.65% of the audited consolidated net asset value per Share, at the same time, the WW Subscription Shares are issued to the Company at an approximately 8.59% discount of the unaudited consolidated net asset value per WW Share.

Furthermore, the transactions contemplated under the Subscription Agreement would enable the Company to reap the potential benefits as outlined in the paragraph above with an overall effect of no net cash outlay (apart from professional and other fees in connection with the consummation of the WW Subscription and the CO Subscription). Instead, the CN Redemption would replenish the cash fund of the Group.

Based on the above, the Directors consider that the terms of the Subscription Agreement are fair and reasonable and on normal commercial terms, and the transactions contemplated under the Subscription Agreement are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the WW Subscription exceeds 25% but are below 100%, the subscription of the WW Shares under the Subscription Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As at the date hereof, the Company does not hold any WW Shares. However, the Company holds the Convertible Note of Win Wind in an aggregate principal amount HK\$150 million with the initial conversion price of HK\$30.00 per WW Share and such Convertible Note is to be fully redeemed on Completion.

As at the date hereof, Enerchina Group holds 1,792,350 Shares, representing approximately 0.04% of the existing issued share capital of the Company. As Enerchina Group is a party to the Subscription Agreement, it has a material interest in the transactions contemplated thereunder. Enerchina Group and its associates, to the extent they hold Shares at the SGM, will be required to abstain from voting at the SGM on the resolution proposed to approve the Subscription Agreement (including the grant of the Specific Mandate).

SGM

The SGM will be convened and held for the Shareholders to consider, and if thought fit, pass the relevant resolutions to approve, among other matters, the Subscription Agreement and the transactions contemplated thereunder including the grant of Specific Mandate to issue and allot the CO Subscription Shares.

GENERAL

A circular containing, among other things, (i) further details of the Subscription Agreement and the transactions contemplated thereunder; (ii) the grant of Specific Mandate to issue and allot CO Subscription Shares, (iii) other information as required to be disclosed under the Listing Rules; and (iv) a notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 30 April 2016.

The reason that the expected date of despatch of the circular is more than 15 Business Days after the publication of this announcement is the Company needs time to prepare relevant financial information to be contained in the circular.

As the Completion of the Subscription Agreement is subject to the satisfaction of the Conditions contained therein and it may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which banks are open for business in Hong Kong
“CN Redemption”	the redemption of the whole of the principal amount of HK\$150 million of the Convertible Note together with all accrued interests thereon by Win Wind pursuant to the terms and conditions of the Convertible Note
“Cancellation”	cancellation of the whole of 575,063,972 unlisted warrants issued by the Company on 25 June 2015, particulars of which are set out in the circulars of the Company dated 9 June 2015 and 13 January 2016, pursuant to the subscription and cancellation agreement dated 2 December 2015
“CO Subscription”	the subscription of the CO Subscription Shares by Win Wind or its nominee pursuant to the Subscription Agreement
“CO Subscription Share(s)”	the 2,040,000,000 Shares to be allotted and issued by the Company under the Specific Mandate to Win Wind or its nominee pursuant to the Subscription Agreement
“Company”	China Optoelectronics Holding Group Co., Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1332)
“Completion”	the simultaneous completion of the subscription of the WW Subscription Shares, the CO Subscription Shares and the CN Redemption by the parties to the Subscription Agreement respectively and the performance by the parties of their respective obligations under the Subscription Agreement
“Conditions”	the conditions precedents as set out in the Subscription Agreement
“Convertible Note”	2% per annum convertible redeemable note with outstanding principal amount of HK\$150 million issued by Win Wind to the Noteholder on 28 December 2015
“Directors”	directors of the Company
“Encumbrances”	pre-emption, options, liens, claims, equities, charges, encumbrances or third-party rights of any nature

“Enerchina”	Enerchina Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 622)
“Enerchina Group”	Enerchina and its subsidiaries
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	30 March 2016, being the date of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Noteholder”	Big Focus Limited, a wholly-owned subsidiary of the Company, being the holder of the Convertible Note
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder including the grant of Specific Mandate to issue and allot the CO Subscription Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of Share(s)
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the special general meeting for the issue of the CO Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	a conditional agreement dated 30 March 2016 entered into between the Company and Win Wind in relation to the CO Subscription, the WW Subscription and the CN Redemption
“subsidiaries”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“WW Share(s)”	ordinary share(s) of no par value each in the share capital of Win Wind
“WW Subscription”	the subscription of the WW Subscription Shares by the Company or its nominee pursuant to the Subscription Agreement

“WW Subscription Share(s)”	the 13,600,000 WW Shares to be allotted and issued by Win Wind to the Company or its nominee pursuant to the Subscription Agreement
“Win Wind”	Win Wind Capital Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Enerchina
“Win Wind Group”	Win Wind and its subsidiaries
“%”	percent

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

Hong Kong, 30 March 2016

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

Executive Directors

Ms. Poon Ho Yee Agnes (*Managing Director*)

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. To Shing Chuen