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China Opto Holdings Limited

中國新進控股有限公司

(Incorporated in Bermuda with limited liability)

Website: www.chinaopto.com.hk

(Stock Code: 1332)

SUPPLEMENTAL ANNOUNCEMENT REGARDING CIRCULAR DATED 22 JUNE 2016

Reference is made to the circular (the “**Circular**”) of China Opto Holdings Limited (the “**Company**”) dated 22 June 2016 in relation to, among other things, the Subscription Agreement and the transactions contemplated thereunder. Unless the context requires otherwise, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

According to the Circular, it is disclosed on page 5 of Appendix II that Win Wind Group had (i) available-for-sale investments in total HK\$887.5 million and (ii) financial assets at fair value through profit or loss in total HK\$1,591.7 million as at 31 March 2016 (the “**Investments**”). The Company noted that additional information needs to be disclosed in the section headed “MANAGEMENT DISCUSSION AND ANALYSIS” on page 58 of Appendix II to the Circular in relation to the Investments and therefore the content on that section should also include the following information:

Nature of investments	Number of shares held as at 31 March 2016	Percentage of shareholding as at 31 March 2016 %	Net gain/(loss) for year ended 31 March 2016 HK\$'000	Dividends received for year ended 31 March 2016 HK\$'000	Fair value/carrying amount		Percentage to the Win Wind Group's net assets as at 31 March 2016 %	Investment cost HK\$'000
					as at 31 March 2016 HK\$'000	as at 31 March 2015 HK\$'000		
<i>Available-for-sale investments</i>								
Unlisted shares in overseas, at cost								
HEC Capital Limited	83,333,333	7.64	-	-	500,000	500,000	17.58	500,000
Freewill Holdings Limited	38,000,000	6.93	(49,400)	-	159,600	-	5.61	209,000
Others			3,313	-	55,213	53,344	1.94	55,213
			(46,087)	-	714,813	553,344	25.13	764,213
Unlisted shares in overseas, at fair value	310	5.44	-	-	100,000	-	3.52	100,000
Unlisted investment fund, at fair value			1,858	-	42,019	40,161	1.48	38,815

Listed shares in Hong Kong, at fair value								
Shengjing Bank Co., Ltd. (stock code: 2066)	800,000	0.05	2,336	251	8,448	6,112	0.30	6,048
Guangzhou R&F Properties Co., Ltd. (stock code: 2777)	2,000,000	0.20	2,687	655	22,240	-	0.78	19,552
			5,023	906	30,688	6,112	1.08	25,600
			(39,206)	906	887,520	599,617	31.21	928,628
Financial assets at fair value through profit or loss								
Listed shares in Hong Kong								
HengTen Networks Group Limited (stock code: 136)	1,278,110,000	1.74	252,590	-	461,791	284,764	16.24	298,323
Freeman Financial Corporation Limited (stock code: 279)	840,000,000	5.86	241,079	-	348,600	107,520	12.26	18,321
Livzon Pharmaceutical Group Inc. (stock code: 1513)	5,973,341	4.10	(26,202)	478	203,094	74,295	7.14	222,363
China Smarter Energy Group Holdings Limited (stock code: 1004)	132,186,460	1.69	(146,592)	-	95,174	293,238	3.35	42,040
Evergrande Health Industry Group Limited (stock code: 708)	68,850,000	0.80	53,774	-	93,636	-	3.29	43,096
Kingston Financial Group Limited (stock code: 1031)	25,000,000	0.18	70,251	-	92,250	22,000	3.24	22,580
China Innovative Financial Group Limited (stock code: 412)	77,744,000	0.40	(36,962)	-	73,857	336,852	2.60	9,751
C C Land Holdings Limited (stock code: 1224)	18,161,859	0.70	14,016	632	41,954	19,047	1.48	30,662
Dragonite International Limited (stock code: 329)	50,310,000	4.75	(19,118)	-	40,248	59,366	1.42	9,949
Others			(133,547)	735	141,076	601,502	4.96	253,529
			269,289	1,845	1,591,680	1,798,584	55.98	950,614

The above table lists the Investments which principally formed a significant portion of the net assets of the Win Wind Group. To give details of other Investments would result in particulars of excessive length.

The performance and prospects of the Win Wind Group's significant Investments during the year were detailed as follows:

1. HEC Capital Limited (“**HEC Capital**”)

Win Wind held 7.64% of HEC Capital, which is a private company, amounting to HK\$500 million, as at 31 March 2016. The investment was booked at cost less any identified impairment losses.

HEC Capital is engaged in integrated financial services, securities, property and other direct investments. Given recent merger and acquisition (M&A) deals of financial related companies by Chinese enterprises and low interest rate environment, HEC Capital has its strategic investment value.

2. Freewill Holdings Limited (“**FHL**”)

Win Wind subscribed 7.07% of the enlarged share capital of FHL, with a cash consideration of HK\$209 million. Following the subsequent issuance of shares by FHL, Win Wind held 6.93% of FHL as at 31 March 2016. During the year, an impairment loss of HK\$49.4 million was recognised against its carrying amount of FHL due to the decrease in net asset value of FHL as of 31 March 2016. For more details, please refer to note 17 to the Financial Information of Win Wind Group on page 45 of Appendix II to the Circular.

FHL is engaged in the business of property investment, investment advisory and financial services, investment in securities trading and money lending. FHL is also a subsidiary of FF as stated in point 8 below.

3. Unlisted shares in overseas, at fair value

Win Wind subscribed 5.48% of the enlarged share capital of an unlisted entity, which is a private company, with a cash consideration of HK\$100 million during the year. As at 31 March 2016, Win Wind held 5.44% of the unlisted entity. The investment is measured at fair value subsequent to initial recognition.

The unlisted entity is engaged in securities trading and investment holding businesses. Its investment portfolio consists of listed and unlisted securities.

4. Unlisted investment fund, at fair value

Win Wind invests in a company which is incorporated in the Cayman Islands and registered under the Cayman Islands Mutual Funds Law with the Cayman Island Monetary Authority (the “**Investment Fund**”). The Investment Fund mainly focuses on senior debt, and it can also invest across the entire capital structure including subordinated debt and preferred debt, asset backed securities, sukuks, debt with warrants and equities.

5. Shengjing Bank Co., Ltd. (“**Shengjing**”)

Win Wind has held this position since the beginning of the year. During the year, the stock price rose from HK\$7.64 per share (adjusted) to HK\$10.56 per share (adjusted) and the value of the position increased from HK\$6.1 million to HK\$8.4 million.

Shengjing is engaged in provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services.

6. Guangzhou R&F Properties Co., Ltd. (“**Guangzhou R&F**”)

Win Wind acquired Guangzhou R&F’s shares during April and May 2016 and held this position up to the year end date.

Guangzhou R&F is engaged in development of (i) quality residential and commercial properties for sale in China; and (ii) hotels, office buildings and shopping malls in Guangzhou, Beijing and other cities in China.

7. HengTen Networks Group Ltd. (“**HengTen Networks**”) (formerly known as Mascotte Holdings Limited (“**Mascotte**”))

Included in the number of shares held and fair value as at 31 March 2016 was 20 million bonus warrants of HengTen Networks and HK\$20 million respectively. Each bonus warrants holder is entitled to subscribe, in cash, one new ordinary share of HengTen Networks for every two bonus warrants (adjusted) on or before 23 February 2017. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of HengTen Networks.

During the year, the stock price rose from HK\$0.107 per share (adjusted) to HK\$0.375 per share (adjusted) and the value of the position increased from HK\$284.8 million to HK\$461.8 million. Win Wind recognised a gain of HK\$38 million on the disposal during the year.

In June 2015, Mascotte entered into a subscription agreement with Evergrande Real Estate Group Limited (stock code: 3333) (“**Evergrande**”) and Mount Yandang Investment Limited, a wholly-owned subsidiary of Tencent Holdings Limited (stock code: 700) (“**Tencent**”). Upon completion of the subscription agreement, Evergrande and Tencent became the substantial shareholders of Mascotte.

After the restructuring, HengTen Networks became an internet service and app provider. The “3+2+x” business structure of HengTen Networks comprises three fundamental segments, being property services, neighborhood social networking and life services, and two value-added segments, being Internet home and community finance as well as those segments as might be derived in the future.

8. Freeman Financial Corporation Limited (“**FF**”)

Win Wind has held this position since the beginning of the year. During the year, the stock price rose from HK\$0.128 per share (adjusted) to HK\$0.415 per share (adjusted) and the value of the position increased from HK\$107.5 million to HK\$348.6 million.

FF streamlined its principal business and expects to gain more sources of income and funding available for future growth and development under new banner “民眾金服”. FF’s joint venture investments in China could open an opportunity for FF to embark on a new milestone in its business development in the financial services industry.

9. Livzon Pharmaceutical Group Inc. (“**LP**”)

During the year, the stock price dropped from HK\$49.7 per share (adjusted) to HK\$34 per share (adjusted) and Win Wind acquired more shares of LP. Together with the bonus shares received in August 2015, the value of the position increased from HK\$74.3 million to HK\$203.1 million. Dividend of HK\$0.5 million was received during the year.

LP is engaged in research and development, production and sales of pharmaceutical products.

10. China Smarter Energy Group Holdings Limited (“**CSE**”)

During the year, the stock price dropped from HK\$1.24 per share (adjusted) to HK\$0.72 per share (adjusted) and the value of the position decreased from HK\$293.2 million to HK\$95.2 million. Win Wind recognised a loss of HK\$13 million on the disposal during the year.

CSE focuses on the alternative energy section including solar energy, renewable energy and energy developed from waste which is supported by the government.

11. Evergrande Health Industry Group Limited (“**Evergrande Health**”)

Win Wind acquired Evergrande Health’s shares in June 2015. During the year, the stock price rose from HK\$0.62 per share (adjusted) to HK\$1.36 per share (adjusted) and the value of the position increased to HK\$93.6 million. Win Wind recognised a gain of HK\$3.2 million on the disposal during the year.

Evergrande Health is principally engaged in magazine publishing, distribution of magazines, digital business and provision for magazine content and “Internet+” community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-aging.

12. Kingston Financial Group Limited (“**Kingston**”)

Win Wind has held this position since the beginning of the year. During the year, the stock price rose from HK\$0.88 per share (adjusted) to HK\$3.69 per share (adjusted) and the value of the position increased to HK\$92.3 million as at 31 March 2016.

Kingston is principally engaged in provision of securities brokerage, underwriting and placements, margin and initial public offering financing, other financial services, hotel ownership and management, food and beverage, casino and securities investment.

13. China Innovative Finance Group Limited (“**CIF**”)

Win Wind entered into several acquisition and disposal transactions of CIF’s shares during the year and recognised a gain of HK\$206.4 million.

CIF is principally engaged in property investment, investments in securities, money lending, investment holding and management of the forestland.

14. C C Land Holdings Limited (“**CC Land**”)

Win Wind acquired an additional 4,935,000 shares during the year and thereafter, held the position up to 31 March 2016. The stock price rose from HK\$1.44 per share (adjusted) to HK\$2.31 per share (adjusted) during the year and the value of the position increased from HK\$19.0 million to HK\$42.0 million.

CC Land is engaged in property development and investment; and treasury investments.

15. Dragonite International Limited (“**Dragonite**”)

Win Wind has held this position since the beginning of the year. During the year, the stock price dropped from HK\$1.18 per share (adjusted) to HK\$0.8 per share (adjusted) and the value of the position decreased from HK\$59.4 million to HK\$40.2 million.

Dragonite is engaged in production and sales of a series of health care products, pharmaceutical products, securities trading and investments, money lending and trading of wines in Hong Kong.

16. Other shares listed in Hong Kong

Except for disclosed above, Win Wind has invested in fourteen companies listed in Hong Kong. The fair value of each of these shares represented less than 1% of the net assets of Win Wind Group as at 31 March 2016. The major principal activities of these companies include provision of financial advisory services; wealth management and asset management services; money lending; securities trading and investments; property investment and trading; exploration and mining of mineral resources; trading of mineral resources and scrap metals and other materials; film and TV programme production; artiste and model management; and design, development and operation of integrated large-scale tourist complex projects in key cities in and outside China.

Going forward, Win Wind expects that the capital markets in Hong Kong and China will remain challenging for 2016, with major economic indicators for both economies continue to show signs of slowing down. In particular, monetary policies that will be implemented by the Governments of U.S., China, European Union and Japan in order to accelerate their economic growth, may cause the capital markets to be volatile, as speculations on the timing and magnitude of these policies by market participants can cause severe turbulence in the market. Apart from concerns in international finance, political factors such as uncertainties in U.S. elections and political instability observed in the Asia region may increase the volatility of the market even further.

General

The above additional information does not affect other information contained in the Circular and the other contents of the Circular remain unchanged.

By order of the Board
China Opto Holdings Limited
Lam How Mun Peter
Chairman

Hong Kong, 28 June 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. Cheung Wing Ping

Mr. Ha Kee Choy Eugene

Mr. To Shing Chuen