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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
IN RELATION TO SUBSCRIPTION OF CO-LEAD SHARES**

THE SUBSCRIPTION

On 5 November 2015 (after trading hours), the Subscriber, being an indirect wholly-owned subsidiary of the Company, and Co-Lead entered into the Subscription Agreement, pursuant to which Co-Lead has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe, or procure its nominee(s) to subscribe, 225 Co-Lead Shares at the consideration of HK\$90 million. The 225 Co-Lead Shares represent approximately 4.15% of the issued share capital of Co-Lead as at the date of the Subscription Agreement and approximately 3.98% of the enlarged issued share capital of Co-Lead.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription is 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 but exempt from shareholders' approval requirement.

Shareholders and potential investors should be aware that the Completion 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 Shares.

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On 5 November 2015 (after trading hours), the Subscriber, being an indirect wholly-owned subsidiary of the Company, and Co-Lead entered into the Subscription Agreement, pursuant to which Co-Lead has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe, or procure its nominee(s) to subscribe, 225 Co-Lead Shares at the consideration of HK\$90 million. The 225 Co-Lead Shares represent approximately 4.15% of the issued share capital of Co-Lead as at the date of the Subscription Agreement and approximately 3.98% of the enlarged issued share capital of Co-Lead.

THE SUBSCRIPTION AGREEMENT

Date: 5 November 2015 (after trading hours)

Parties: (1) the Subscriber
(2) Co-Lead

As at the date of this announcement, the Subscriber is an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Co-Lead is a third party independent of and not connected with the Company and its connected persons.

Subscription of Co-Lead Shares

Subject to fulfilment of the conditions of the Subscription and the terms set out in the Subscription Agreement, Co-Lead has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe, or procure its nominee(s) to subscribe, 225 Co-Lead Shares at the consideration of HK\$90 million. The 225 Co-Lead Shares represent approximately 4.15% of the issued share capital of Co-Lead as at the date of the Subscription Agreement and approximately 3.98% of the enlarged issued share capital of Co-Lead.

The 225 Co-Lead Shares, when issued and fully paid up, shall rank *pari passu* in all respects with all other Co-Lead Shares then in issue and in particular, shall rank in full for all dividends and other distributions declared, made or paid at any time on or after the date of issue of the 225 Co-Lead Shares.

Consideration

Pursuant to the terms of the Subscription Agreement, the consideration of the Subscription is HK\$90 million and shall be paid in cash by the Subscriber to Co-Lead on the date of the Completion. The consideration was determined by Co-Lead and the Subscriber after arm's length negotiations and after taking into consideration of the latest management accounts of Co-Lead and the net assets value per share of Co-Lead of approximately HK\$401,000 as well as the future prospects of Co-Lead's securities trading business. The consideration will be satisfied by internal resources of the Company.

Conditions Precedent

Completion of the Subscription is conditional upon the following:

- (a) if required, the passing of the necessary resolution(s) by the shareholders of Co-Lead at general meeting to approve the entering into the Subscription Agreement by Co-Lead and the transactions contemplated thereunder;
- (b) if required, the passing of the necessary resolution(s) by the shareholders of Mason Financial Holdings Limited at general meeting to approve the entering into of the Subscription Agreement by Co-Lead and the transactions contemplated thereunder;
- (c) if required, the passing of the necessary resolution(s) by the Shareholders at general meeting to approve the entering into of the Subscription Agreement by the Subscriber and the transactions contemplated thereunder;
- (d) all necessary approvals from the relevant governmental or regulatory authorities of either Co-Lead or the Subscriber for the consummation of the transactions contemplated under the Subscription Agreement having been obtained; and
- (e) the Subscriber having conducted and completed due diligence on all business, assets and liabilities, legal and financial matter in respect of Co-Lead and all such other matters as deemed necessary.

If the conditions precedent are not fulfilled on or before 31 December 2015 (or such later date as may be agreed in writing between Co-Lead and the Subscriber) (“**Long Stop Date**”), the Subscription Agreement shall lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for any liabilities arising out of any antecedent breaches thereof.

Completion

After fulfillment of all the conditions precedent, Completion shall take place within three Business Days after satisfaction of all the conditions precedent or such other date as the parties may agree in writing.

Payment will be in cash and made upon the Completion.

INFORMATION ON CO-LEAD

Co-Lead is a company incorporated in the BVI with limited liability on 22 January 2014. As Co-Lead is a company incorporated in the BVI, no separate audited financial statements have been prepared by Co-Lead as permitted under the laws of the BVI. Based on the latest unaudited financial statements of Co-Lead, the unaudited net assets value of Co-Lead as at 2 November 2015 was approximately HK\$2,176 million. Further financial information of Co-Lead’s profitability for the period from 22 January 2014 (date of incorporation) to 31 December 2014 is set out as below (there are no comparative figures for the previous year of 2013 as Co-Lead was incorporated in January 2014):

For the period from 22 January 2014
to 31 December 2014

HK\$'000

Profit before taxation	71,561
Profit after taxation	71,561

As at the date of this announcement, Co-Lead is a non-wholly owned subsidiary of Mason Financial Holdings Limited, a company whose shares are listed on the main board of the Stock Exchange (stock code: 273).

Co-Lead is principally engaged in securities trading and investment holding business. Its investment portfolio consists of listed and unlisted securities.

INFORMATION ON THE COMPANY, THE GROUP AND THE SUBSCRIBER

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.

The Subscriber is a private limited company incorporated in the BVI on 8 December 2014 which is an indirect wholly-owned subsidiary of the Company. The principal business activity of the Subscriber is investment holding.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

As aforementioned, one of the Group's principal lines of business is treasury investment encompassing money lending and securities investment and trading. The Board is of the view that the Subscription would strongly compliment the Group's principal activities and provide synergistic benefits to the Group's securities investment and trading business.

The Directors hold a positive view towards the investment in Co-Lead and they believe that the Subscription would bring positive returns in the long run to the Group. Therefore, the Board considers that the terms of the Subscription are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription is 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 but exempt from shareholders' approval requirement.

Shareholders and potential investors should be aware that the Completion 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 Shares.

DEFINITIONS

Unless the context requires otherwise, terms used in this announcement shall have the following meanings:

“Board”	the board of the Directors
“Business Day”	a day (excluding Saturday, Sunday and any other public holidays) on which banks in Hong Kong are generally open for settlement business
“BVI”	British Virgin Islands
“Co-Lead”	Co-Lead Holdings Limited, a company incorporated in the BVI with limited liability and an indirect non-wholly owned subsidiary of Mason Financial Holdings Limited
“Co-Lead Share(s)”	ordinary share(s) of Co-Lead
“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”	completion of the Subscription pursuant to the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Victor Choice Global Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription of the 225 Co-Lead Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 5 November 2015 made between Co-Lead and the Subscriber in relation to the Subscription
“%”	per cent

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

Hong Kong, 5 November 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