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

If you have sold or transferred all your shares in **China Optoelectronics Holding Group Co., Limited**, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or to the transferee or to the bank, the licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)

(Stock Code: 1332)

**(1) CANCELLATION OF UNLISTED WARRANTS AND
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
(2) RE-ELECTION OF DIRECTORS;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

A notice convening a special general meeting of China Optoelectronics Holding Group Co., Limited to be held at 7/F, China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 28 January 2016 at 10:00 a.m. are set out on pages 16 and 17 of this circular. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of China Optoelectronics Holding Group Co., Limited in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire.

13 January 2016

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DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday or public holiday) on which banks generally in Hong Kong are open for business
“Cancellation”	cancellation of the whole of the First Warrants and the Second Warrants pursuant to the Subscription and Cancellation Agreement
“Company”	China Optoelectronics Holding Group Co., Limited, a company incorporated in Bermuda with limited liability, the Shares of which are currently listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“First Warrantholder”	Freeman Securities Limited, the holder of the First Warrants
“First Warrants”	287,531,980 unlisted warrants issued by the Company on 25 June 2015, particulars of which are set out in the circular of the Company dated 9 June 2015
“First Warrants Deed of Variations”	the conditional deed of variations dated 30 November 2015 entered into by the Company and the First Warrantholder in respect of certain proposed amendments to the terms of the First Warrants, which has been terminated by the Subscription and Cancellation Agreement
“First Warrants Subscription Price”	HK\$0.56
“Group”	the Company and its subsidiaries
“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 Directors’ 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

DEFINITIONS

“Latest Practicable Date”	11 January 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Registrar”	Tricor Secretaries Limited, the Company’s Hong Kong share registrar at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Second Warrantholder”	Freeman Securities Limited, the holder of the Second Warrants
“Second Warrants”	287,531,992 unlisted warrants issued by the Company on 25 June 2015, particulars of which are set out in the circular of the Company dated 9 June 2015
“Second Warrants Deed of Variations”	the conditional deed of variations dated 30 November 2015 entered into by the Company and the Second Warrantholder in respect of certain proposed amendments to the terms of the Second Warrants, which has been terminated by the Subscription and Cancellation Agreement
“Second Warrants Subscription Price”	HK\$0.608
“SGM”	the special general meeting of the Company to be held on 28 January 2016 at 10:00 a.m. for the Shareholders to consider and if thought fit to approve the Subscription and Cancellation Agreement and the transactions contemplated thereunder including the grant of Specific Mandate and the Cancellation and the re-election of Directors
“Share(s)”	the 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 for the issue of the Subscription Shares to be granted to the Directors by the Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Freeman Securities Limited
“Subscription”	the subscription of 575,063,972 Subscription Shares by the Subscriber pursuant to the Subscription and Cancellation Agreement

DEFINITIONS

“Subscription and Cancellation Agreement”	the subscription and cancellation agreement dated 2 December 2015 and entered into between the Company and the Subscriber in relation to the Subscription and the Cancellation
“Subscription Price”	HK\$0.16 per Subscription Share
“Subscription Share(s)”	575,063,972 new Shares to be issue and allotted by the Company under the Subscription
“Warrants Beneficial Owner(s)”	ultimate beneficial owner(s) of the First Warrants and the Second Warrants
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



China Optoelectronics Holding Group Co., Limited

中國光電控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1332)

Executive Directors:

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

Ms. Lin Ying

Mr. Lo Yuen Wa Peter

Ms. Sun Dixie Hui

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Non-executive Director:

Dr. Lam How Mun Peter (*Chairman*)

*Head office and principal place of
business in Hong Kong:*

7th Floor, China United Centre

28 Marble Road

North Point

Hong Kong

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

13 January 2016

To the Shareholders,

Dear Sir or Madam,

**(1) CANCELLATION OF UNLISTED WARRANTS AND
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
(2) RE-ELECTION OF DIRECTORS;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 2 December 2015 where the Company announced that, among others, on 2 December 2015, the Company entered into the Subscription and Cancellation Agreement with the Subscriber, pursuant to which (i) in consideration of the Company's acceptance of the cancellation of all of the First Warrants and the Second Warrants, the Subscriber conditionally agreed to subscribe for the 575,063,972 Subscription Shares at the aggregate subscription price of HK\$92,010,235.52 (i.e. HK\$0.16 per Subscription Share); and (ii) in consideration of the Subscriber's subscription of the Subscription Shares, the Company conditionally agreed to cancel the whole of the First Warrants and the Second Warrants, upon and in accordance with the terms of the Subscription and Cancellation Agreement.

The purpose of this circular is to provide you (i) further information regarding the Subscription and Cancellation Agreement, the Subscription and the Cancellation; (ii) details of the Directors proposed for re-election; and (iii) a notice of the SGM in respect to the above matters.

LETTER FROM THE BOARD

BACKGROUND OF THE SUBSCRIPTION AND CANCELLATION AGREEMENT

Reference is made to the announcements of the Company dated 21 April 2015, 29 April 2015, 13 May 2015, 15 May 2015 and 8 June 2015 respectively and the circular dated 9 June 2015 regarding the issue of the First Warrants and the Second Warrants.

The Subscriber is a licensed broker and, in the capacity of the First Warrantholder and the Second Warrantholder, is holding the First Warrants and the Second Warrants respectively as nominee on behalf of the Warrants Beneficial Owners.

As at the Latest Practicable Date, all of the 287,531,980 First Warrants and the 287,531,992 Second Warrants remained outstanding and none of the First Warrantholder or the Second Warrantholder has exercised any subscription rights attaching to the First Warrants or the Second Warrants to subscribe for any Shares. Upon full exercise of the subscription rights attaching to the First Warrants and the Second Warrants at the First Warrants Subscription Price and the Second Warrants Subscription Price respectively, an aggregate of 575,063,972 Shares will be issued.

Pursuant to the terms and conditions of the First Warrants and the Second Warrants, the subscription period of both of the First Warrants and the Second Warrants shall expire in 24 months after the issuance thereof, i.e. on or about 24 June 2017. The Company has the mandatory exercise right to request any holders of the First Warrants or the Second Warrants to fully exercise the subscription rights attaching to any unexercised First Warrants or the Second Warrants upon the expiry of the subscription period.

After arm's length negotiations between the Company and the Subscriber (in the capacity of the First Warrantholder and the Second Warrantholder), and for the reasons as disclosed in the section headed "Reasons for and benefits of the Subscription and the Cancellation" in this circular, the Company and the Subscriber entered into the Subscription and the Cancellation Agreement.

THE SUBSCRIPTION AND CANCELLATION AGREEMENT

Date: 2 December 2015 (after trading hours)

Parties: the Company and the Subscriber

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is a licensed broker holding the First Warrants and the Second Warrants as nominee on behalf of the Warrants Beneficial Owners and the Subscriber is subscribing the Subscription Shares as nominee on behalf of the Warrants Beneficial Owners. The Subscriber and its ultimate beneficial owners are Independent Third Parties to the Company.

The Subscriber also confirms to the Company that the Warrants Beneficial Owners are eight individuals who are Independent Third Parties to the Company and none of them shall become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after taking up the Subscription Shares.

LETTER FROM THE BOARD

The Subscription and the Cancellation

Pursuant to the Subscription and Cancellation Agreement, the parties agreed that:

- (i) in consideration of the Company's acceptance of the cancellation of all of the First Warrants and the Second Warrants, the Subscriber conditionally agreed to subscribe for the 575,063,972 Subscription Shares at the aggregate Subscription Price of HK\$92,010,235.52 (i.e. HK\$0.16 per Subscription Share); and
- (ii) in consideration of the Subscriber's subscription of the Subscription Shares, the Company conditionally agreed to cancel the whole of the First Warrants and the Second Warrants, upon and in accordance with the terms of the Subscription and Cancellation Agreement.

Subject to the fulfillment of the conditions precedent of the Subscription and Cancellation Agreement, the completion of the Subscription and the Cancellation shall take place simultaneously.

Conditions precedent

The obligations of the parties to the Subscription and Cancellation Agreement to effect the completion of the Subscription and the Cancellation shall be conditional upon:

- (a) the listing committee of the Stock Exchange granting approval for the listing of and permission to deal in the Subscription Shares;
- (b) the passing of resolution(s) by the Shareholders at the SGM to approve the Subscription and Cancellation Agreement and the transactions contemplated thereunder including the grant of Specific Mandate and the Cancellation; and
- (c) 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 and Cancellation Agreement and the transactions contemplated thereunder.

If the conditions above are not fulfilled on or prior to 29 February 2016 (the "Long Stop Date"), save and except the provisions relating to the termination of the First Warrants Deed of Variations and the Second Warrants Deed of Variations shall remain valid, all other terms and provisions of the Subscription and Cancellation Agreement shall terminate and the parties thereto shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches hereof.

Completion

Completion of the Subscription and the Cancellation shall take place on the fifth Business Day following the date on which all the conditions precedent of the Subscription and Cancellation Agreement are fulfilled or on such other date as the parties to the Subscription and Cancellation Agreement may agree from time to time.

LETTER FROM THE BOARD

Pursuant to the Subscription and Cancellation Agreement, upon the completion of the Subscription and the Cancellation:–

- (i) upon receipt of payment of the aggregate Subscription Price of the Subscription Shares, the Company shall issue and allot the Subscription Shares to the Subscriber; and
- (ii) the Company and the Subscriber (in the capacity of the First Warrantholder and the Second Warrantholder) shall execute deed(s) of cancellation in respect of the whole of the First Warrants and the Second Warrants and do and execute any other necessary things and documents in relation thereto.

Completion of the Subscription and the Cancellation shall take place simultaneously.

The Subscription Shares

An aggregate of 575,063,972 Subscription Shares will be allotted and issued to the Subscriber. These 575,063,972 Subscription Shares represent approximately 12.70% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 11.27% of the issued share capital of the Company as enlarged by the Subscription Shares to be issued pursuant to the Subscription.

Application for listing

An application will be made by the Company to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue at the time of issue of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.16 per Share represents:

- (i) a discount of approximately 15.79% to the closing price of HK\$0.19 per Share as quoted on the Stock Exchange on 30 November 2015, being the last trading date immediately prior to the date of the Subscription and Cancellation Agreement;
- (ii) a discount of approximately 8.05% over the average closing price per Share of approximately HK\$0.174 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 30 November 2015;
- (iii) a discount of approximately 34.16% over the average closing price per Share of approximately HK\$0.243 as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to 30 November 2015; and
- (iv) a discount of approximately 37.25% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

The aggregate Subscription Price for 575,063,972 Subscription Shares in sum of HK\$92,010,235.52 shall be satisfied by the Subscriber in cash upon the completion of the Subscription and the Cancellation.

The Subscription Price of HK\$0.16 was set at a reasonable discount to the closing price of the Shares as at the last trading date immediately prior to the date of the Subscription and Cancellation Agreement (approximately 15.79%) and the five-day average price prior to the Subscription and Cancellation Agreement (approximately 8.05%) so that the holder of the First Warrants and the Second Warrants agreed to subscribe the Shares immediately. The Subscription Price was also commensurate with the placing price of HK\$0.16 per placing share under the placing as announced by the Company on 30 November 2015 (the "Placing"), which placing price was also determined on arm's length basis and on normal commercial terms between the Company and the placing agent. The Directors, therefore, consider that the terms of the Subscription and Cancellation Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Cancellation of the First Warrants and the Second Warrants

For details of the First Warrants and the Second Warrants, reference is made to the announcements of the Company dated 21 April 2015, 29 April 2015, 13 May 2015, 15 May 2015 and 8 June 2015 respectively and the circular dated 9 June 2015 regarding the issue of the First Warrants and the Second Warrants.

Upon completion of the Cancellation, all the 287,531,980 First Warrants and the 287,531,992 Second Warrants will be cancelled and the Company shall waive all the mandatory exercise rights attaching to the First Warrants and the Second Warrants (i.e. the rights exercisable by the Company to request the holder of the First Warrants and Second Warrants to fully exercise the subscription rights to subscribe for Shares upon the expiry of the subscription period).

Subscriber's undertaking

Pursuant to the Subscription and Cancellation Agreement, the Subscriber undertakes to the Company that it will not exercise any subscription rights attaching to the First Warrants or the Second Warrants to subscribe for any Shares until the completion of the Subscription and the Cancellation, or the Long Stop Date, whichever is the later.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE CANCELLATION

The Company believes that in view of the current market conditions and the recent trading performance of the Shares, it is unlikely for the holder of the First Warrants or the Second Warrants to exercise the subscription rights to subscribe for Shares in near future. Even though both of the First Warrants and the Second Warrants are subject to mandatory exercise rights by the Company (i.e. the Company shall be entitled to request the holder thereof to fully exercise the subscription rights to subscribe for Shares), such mandatory exercise rights shall only be exercisable upon the expiry of the subscription period in respect of the First Warrants and the Second Warrants respectively, namely, 2 years after the issue date in June 2017. Accordingly, the Company may need to wait for a long period of time before it can receive any funds from the First Warrants or Second Warrants.

LETTER FROM THE BOARD

Accordingly, the Company agreed to enter into the Subscription and Cancellation Agreement to cancel the First Warrants and the Second Warrants (and in particular waiving the mandatory exercise rights attaching to the First Warrants and the Second Warrants) and, in return, the Subscriber (i.e. the holder of the First Warrants and Second Warrants) agreed to subscribe the Subscription Shares immediately and surrender all the First Warrants or Second Warrants. The Subscription and the Cancellation could allow the Company to raise funds from the holder of the First Warrants and the Second Warrants immediately. Such terms were determined after arm's length negotiations between the Company and the Subscriber.

The Company has all along been looking for good opportunities for expansion and development of its businesses. It is in the interest of the Company and its shareholders to seize any attractive business opportunities when so arise and, in order to allow the Company to seize such opportunities timely, it is necessary for the Company to strengthen its financial position from time to time.

In view of the fluctuation in the economic environment and immediate inflow of the proceeds of approximately HK\$92 million upon the Subscription, the Directors are of the view that the Subscription provides a good opportunity for the Company to strengthen the financial position of the Company and to cater for future needs of the Company including general working capital and future business development of the Group.

The Directors have considered other alternative fund raising methods such as open offer or rights issue. As compared to these alternative fund raising methods, the Subscription has advantages in view of (i) the time required for completion of the Subscription should be shorter than that required for open offer or rights issue; (ii) the costs and expenses (including the legal and other professional fees) incurred by the Subscription should be lower than open offer or rights issue; and (iii) the fact that the Subscriber (i.e. the warrant holder) has been identified and has already committed itself to the Subscription would save the Company's time in looking for subscribers or placing agents in conducting alternative fund raising methods.

Debt financing is also used by the Company as one of its financing means. However, to the extent possible, the Company prefers not to over rely on debt financing because such kind of financing means has fixed maturity and can only be obtained with interest costs.

LETTER FROM THE BOARD

Having said the above, the Company is actively considering other fund raising exercises to raise further funds for the Company for expansion and development of the Group's businesses and repayment of debts.

Based on the above, the Directors are of the views that the terms of the Subscription and Cancellation Agreement, which were determined after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and the entering into of the Subscription and Cancellation Agreement are in the overall interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company (i) as at the date of the Latest Practicable Date and (ii) immediately after completion of the Subscription and the Cancellation (assuming that there will be no change in the share capital of the Company between the Latest Practicable Date and the date of completion of the Subscription and the Cancellation) are as follows:

Name of Shareholders	As at the Latest Practicable Date		Immediately after the completion of the Subscription and Cancellation	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Amazing Bay Limited (<i>Note 1</i>)	1,459,641,400	32.23%	1,459,641,400	28.60%
Dr. Lam How Mun Peter (<i>Note 2</i>)	398,150	0.01%	398,150	0.01%
Ms. Poon Ho Yee Agnes (<i>Note 2</i>)	130,000	0.00%	130,000	0.00%
The Subscriber	–	–	575,063,972	11.27%
The placees (<i>Note 3</i>)	575,063,972	12.70%	575,063,972	11.27%
Existing public Shareholders	2,493,395,257	55.06%	2,493,395,257	48.85%
	<u>4,528,628,779</u>	<u>100.00%</u>	<u>5,103,692,751</u>	<u>100.00%</u>

Notes:

- 1,459,641,400 of such Shares were held through Amazing Bay Limited, a company wholly-owned by Ms. Lo Ki Yan Karen ("Ms. Lo"). Accordingly, Ms. Lo was 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.
- 575,063,972 Shares were placed to not less than six independent placees under the Placing as announced by the Company on 30 November 2015.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds as announced	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 approximately HK\$156 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 First Warrant Shares has not yet been issued as at the date of this circular. Upon completion of the Cancellation, no further proceeds will be raised from the First Warrants
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 has not yet been issued as at the date of this circular. Upon completion of the Cancellation, no further proceeds will be raised from the Second Warrants
30 November 2015	Placing of 575,063,972 new Shares on best effort basis under general mandate at the placing price of HK\$0.16 each	Up to 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 of HK\$89.25 million has been fully applied as intended

Save as disclosed above, the Company has not conducted any fund raising activities in the past 12 months immediately before the Latest Practicable Date.

As at 29 December 2015, the Company has current cash balance of approximately HK\$67 million. The net proceeds of the Placing of approximately HK\$89.25 million has been fully utilized for expansion of the Group's securities investment and trading business. The proceeds of approximately HK\$92 million from the Subscription will be utilized as to (i) approximately HK\$38 million of which for general working capital and (ii) the remaining balance for partial repayment of a loan in sum of HK\$200 million (the "Loan").

The Company's expected funding needs for the next 12 months based on the Board's latest estimates will be about HK\$105 million for the general working capital, HK\$70 million of which for meeting the day-to-day expenses and working capital requirement of the Group's manufacturing business and HK\$35 million of which for the Group's general administrative uses.

The Company will also need funds for repayment of the Loan, which requires approximately HK\$146 million (before interest) after deducting the partial repayment of about HK\$54 million to be made out of the proceeds of the Subscription. The Company will further need funds of HK\$150 million for its investment in the joint venture money lending business as announced by the Company on 30 December 2015. Moreover, the Company is always looking for opportunities to expand and develop its businesses so extra funds may also be required when such opportunities arise.

LETTER FROM THE BOARD

Since the proceeds from the Subscription and the Placing is insufficient to satisfy the Company's funding needs, the Company is actively considering other fund raising activities such as open offer or rights issue. However, no decision has yet been made (including the timing and terms of such possible fund raising exercise).

GENERAL

To the extent any Warrants Beneficial Owners own Shares, they will be required to abstain from voting at the SGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save and except as aforesaid, no Shareholders have material interest in the Subscription and Cancellation Agreement and the transactions contemplated thereunder and are required to abstain from voting at the SGM.

Completion of the Subscription and the Cancellation is subject to fulfillment of the conditions precedent under the Subscription and Cancellation Agreement. Accordingly, the Subscription and the Cancellation may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

RE-ELECTION OF DIRECTORS

Reference is made to the announcements of the Company dated 27 May 2015, 3 June 2015, 11 August 2015, 30 September 2015 and 28 October 2015 in relation to the appointments by the Board of (i) Mr. Lo Yuen Wa Peter ("Mr. Lo") as an executive Director with effect from 27 May 2015; (ii) Mr. Cheung Wing Ping ("Mr. Cheung") and Mr. Man Wai Chuen ("Mr. Man") both as independent non-executive Directors with effect from 11 August 2015; and (iii) Ms. Lin Ying ("Ms. Lin") as an executive Director of with effect from 29 October 2015. Mr. Lo, Mr. Cheung, Mr. Man and Ms. Lin are subject to re-election by Shareholders at the SGM. Accordingly, Mr. Lo, Mr. Cheung, Mr. Man and Ms. Lin will retire at the SGM. All of them, being eligible, offer themselves for re-election.

Brief biographical details of the Directors proposed to be re-elected at the SGM are set out in Appendix I to this circular.

THE SGM

The Subscription Shares will be issued under the Specific Mandate. The SGM will be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the Subscription and Cancellation Agreement including the grant of the Specific Mandate and the Cancellation and re-election of Directors.

Notice of the SGM is set out on pages 16 and 17 of this circular and the SGM will be held at 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 28 January 2016 at 10:00 a.m. in which ordinary resolutions will be proposed to approve the Subscription and Cancellation Agreement and the transactions contemplated thereunder including the grant of Specific Mandate and the Cancellation and re-election of Directors.

LETTER FROM THE BOARD

A proxy form for use at the SGM is enclosed herein. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so desire.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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.

RECOMMENDATION

The Board considers that the Subscription and Cancellation Agreement, the Subscription, the Cancellation and re-election of Directors are fair and reasonable and are in the interests of the Company and its Shareholders as a whole and therefore recommends the Shareholders to vote in favor of the relevant resolutions to be proposed at the SGM.

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

The biographical details of the Directors eligible for re-election at the SGM are set out below:

EXECUTIVE DIRECTORS**Mr. Lo Yuen Wa Peter**

Mr. Lo, aged 54, was appointed executive Director on 27 May 2015. He is a member of the Executive Committee and also serves as a director of several subsidiaries of the Company. He graduated from the University of Liverpool and obtained his professional qualification in Accountancy in the United Kingdom. He is a member of the Institute of Chartered Accountants in England and Wales and of the Hong Kong Institute of Certified Public Accountants. He has 29 years' experience in auditing, accounting, investment, financial and corporate management. Mr. Lo was an executive director of HengTen Networks Group Limited from July 2008 to March 2014 and an executive director, managing director and acting chairman of Rentian Technology Holdings Limited from April 2014 to April 2015. The shares of these companies are listed on the Stock Exchange. Save as disclosed above, Mr. Lo does not hold any position with the Group, and has not held any directorship in other listed public companies in the last three years.

Mr. Lo has a service agreement with the Company for an initial term of 2 years which is terminable on not less than one month's notice in writing served by either party. He is subject to retirement by rotation and re-election pursuant to the Company's Bye-laws. Mr. Lo is entitled to receive an initial monthly salary of HK\$75,000 and a discretionary year-end bonus or their respective pro rata amount for any incomplete month or year, which was determined with reference to the Group's operation results, his duties and level of responsibilities and the prevailing marketing conditions. His emoluments will be reviewed annually by the Remuneration Committee. As at the Latest Practicable Date, Mr. Lo does not have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") and does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company.

Ms. Lin Ying

Ms. Lin, aged 34, was appointed executive Director on 29 October 2015. She is a member of the Executive Committee. She graduated from the University of Cambridge in the United Kingdom with a master's degree in philosophy and obtained the qualification of private equity fund, mergers and acquisitions from Asia Business School, Tianjin University of Finance and Economics in China. She is one of the founders of Shanghai Secaide Company Limited, a leading commercial laundry equipment supplier and laundry service provider in China. She is also a member of the Institute of Chartered Accountants in England and Wales. She previously worked for KPMG in London as a consultant in corporate information system management and mergers and acquisitions. Ms. Lin has not held any directorship in other listed public companies in the last three years.

Ms. Lin has a service agreement with the Company for an initial term of 2 years which is terminable on not less than one month's notice in writing served by either party. She is subject to retirement by rotation and re-election pursuant to the Company's Bye-laws. Ms. Lin is entitled to receive an initial monthly salary of HK\$30,000 and a discretionary year-end bonus or their respective pro rata amount for any incomplete month or year, which was determined with reference to the Group's operation results, her duties and level of responsibilities and the prevailing marketing conditions. Her emoluments will be reviewed annually by the Remuneration Committee. As at the Latest Practicable Date, Ms. Lin does not have any interest in the Shares within the meaning of Part XV of the SFO and does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS**Mr. Cheung Wing Ping**

Mr. Cheung, aged 48, was appointed independent non-executive Director on 11 August 2015 and is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. He holds a bachelor's degree in accountancy with honours from City University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has over 20 years of experience in auditing and accounting fields. He was formerly an executive director of Eagle Ride Investment Holdings Limited from June 2011 to November 2013 and an independent non-executive director of Mason Financial Holdings Limited from October 2009 to June 2013. He is currently an executive director of Mason Financial Holdings Limited and an independent non-executive director of Freeman Financial Corporation Limited, Enerchina Holdings Limited and China Innovative Finance Group Limited. The shares of these companies are listed on the Stock Exchange.

Mr. Man Wai Chuen

Mr. Man, aged 52, was appointed independent non-executive Director on 11 August 2015 and is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. He holds a master's degree in business administration from the University of Sheffield in the United Kingdom. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Chartered Secretaries and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Man has over 20 years of experience in company secretarial and accounting fields. He was an independent non-executive director of Skyway Securities Group Limited, the shares of which are listed on the Stock Exchange, from November 2014 to November 2015. He is currently an executive director and company secretary of Mason Financial Holdings Limited.

Save as disclosed above, Mr. Cheung and Mr. Man do not hold any other positions with the Company and its subsidiaries, and have not held any directorship in other listed public companies in the last three years. Each of them has entered into a letter of appointment with the Company for an initial term of 2 years which is terminable on not less than one month's notice in writing served by either party. They are subject to retirement by rotation and re-election pursuant to the Company's Bye-laws. Each of them is entitled to receive an initial director's fee of HK\$240,000 per annum or a pro rata amount for any incomplete year, which was determined with reference to his respective duties and the level of responsibilities with the Company. Their directors' fee will be reviewed annually. As at the Latest Practicable Date, Mr. Cheung and Mr. Man do not have any interest in the Shares within the meaning of Part XV of the SFO and do not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company.

Save as disclosed above, the Board is not aware of any other matters in relation to the proposed re-election of the above Directors that need to be brought to the attention of Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

NOTICE OF THE SGM



China Optoelectronics Holding Group Co., Limited

中國光電控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1332)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of China Optoelectronics Holding Group Co., Limited (the “**Company**”) will be held at 7/F, China United Centre, 28 Marble Road, North Point, Hong Kong, on Thursday, 28 January 2016 at 10:00 a.m. for the purpose of considering and, if though fit, passing with or without modification, the following resolutions as ordinary resolutions of the Company:–

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the conditional subscription and cancellation agreement (the “**Subscription and Cancellation Agreement**”) dated 2 December 2015 and entered into between the Company and Freeman Securities Limited (the “**Subscriber**”) (a copy of which is produced to the SGM marked “A” and signed by the chairman of the SGM for purpose of identification) in relation to, among others, the subscription by the Subscriber of 575,063,972 new shares of the Company (the “**Subscription Shares**”) at the subscription price of HK\$0.16 per Subscription Share and the cancellation of (i) the 287,531,980 unlisted warrants (the “**First Warrants**”) with mandatory exercise rights issued by the Company on 25 June 2015 entitling the holder thereof to subscribe for an aggregate of 287,531,980 shares of the Company at the initial subscription price of HK\$0.56; and (ii) the 287,531,992 unlisted warrants (the “**Second Warrants**”) with mandatory exercise rights issued by the Company on 25 June 2015 entitling the holder thereof to subscribe for an aggregate of 287,531,992 shares of the Company at the initial subscription price of HK\$0.608 and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon, among others, the listing committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Subscription Shares and fulfillment of other conditions set out in the Subscription and Cancellation Agreement, the issue and allotment of the Subscription Shares to the Subscriber and the cancellation of the First Warrants and the Second Warrants pursuant to the terms of the Subscription and Cancellation Agreement be and are hereby approved, confirmed and ratified; and

NOTICE OF THE SGM

- (c) any directors of the Company (the “**Directors**”) be and are hereby authorised to exercise all the powers of the Company and take all steps as might in the opinion of the Directors be desirable, necessary or expedient in connection with the implementation of the transactions contemplated under the Subscription and Cancellation Agreement and in relation to the issue and allotment of the Subscription Shares and the cancellation of the First Warrants and the Second Warrants, including but not limited to the execution, amendment, supplement, delivery, submission and implementation of any further documents or agreements.”
2. “**THAT** Mr. Lo Yuen Wa Peter be re-elected as an executive director of the Company.”
3. “**THAT** Mr. Cheung Wing Ping be re-elected as an independent non-executive director of the Company.”
4. “**THAT** Mr. Man Wai Chuen be re-elected as an independent non-executive director of the Company.”
5. “**THAT** Ms. Lin Ying be re-elected as an executive director of the Company.”

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

Hong Kong, 13 January 2016

Notes:

1. A member who is entitled to attend and vote at the special general meeting is entitled to appoint one or more proxies or a duly authorised corporate representative to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for use at the special general meeting is enclosed. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of that power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude a member from attending the special general meeting and voting in person. In such event, his form of proxy will be deemed to have been revoked.
3. Where there are joint holders of any shares, any one of such joint holder may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled hereto; but if more than one of such joint holders be present at the special general meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.