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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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) PROPOSED REFRESHMENT OF GENERAL MANDATE  
TO ALLOT AND ISSUE SHARES;**  
**(2) PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT  
OF THE EXISTING SHARE OPTION SCHEME; AND**  
**(3) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser**

**To the Independent Board Committee and the Independent Shareholders**

**VINCO** 

**Grand Vinco Capital Limited**

*(A wholly-owned subsidiary of Vinco Financial Group Limited)*

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A letter from the Board is set out on pages 4 to 11 of this circular. A letter from Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment to General Mandate is set out on pages 13 to 22 of this circular. The letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Refreshment to General Mandate is set out on page 12 of this circular.

A notice convening the SGM of China Optoelectronics Holding Group Co., Limited to be held at 7/F, China United Centre, 28 Marble Road, North Point, Hong Kong on 4 March 2016 at 10:00 a.m. is set out on pages 23 to 25 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.

18 February 2016

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 18 May 2015
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the existing bye-laws of the Company as amended from time to time
“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
“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
“Existing Issue Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to, <i>inter alia</i> , allot, issue and deal with securities of the Company not exceeding 20% of the then issued share capital of the Company as at the date of AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising Mr. Chan Sze Hung, Mr. Cheung Wing Ping, Mr. Ha Kee Choy Eugene and Mr. To Shing Chuen, formed to advise the Independent Shareholders in relation to the proposed Refreshment to General Mandate
“Independent Financial Adviser” or “Vinc Capital”	Grand Vinc Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which is licensed by the Securities and Futures Commission of Hong Kong for carrying out Types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance

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## DEFINITIONS

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“Independent Shareholder(s)”	Shareholder(s) other than the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates
“Latest Practicable Date”	16 February 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
“New Issue Mandate”	the mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the nominal value of share capital of the Company in issue as at the date of SGM
“Refreshment of Scheme Mandate Limit”	the proposed refreshment of the Scheme Mandate Limit of the existing Share Option Scheme
“Refreshment to General Mandate”	the proposed refreshment of Existing Issue Mandate into the New Issue Mandate
“Scheme Mandate Limit”	the maximum number of Shares that may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company, which shall not in aggregate exceed 10% limit of the total numbers of Shares in issue as at the date of granting or refreshment of the scheme mandate limit
“SGM”	the special general meeting of the Company to be held on 4 March 2016 at 10:00 a.m. for the Shareholders to consider and if thought fit to approve the Refreshment to General Mandate and Refreshment of Scheme Mandate Limit
“SGM-Subscription”	the special general meeting of the Company held on 28 January 2016 for the Shareholders to consider, and if thought fit, to approve the Cancellation and subscription of new Shares under specific mandate; and re-election of Directors
“Share(s)”	the share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the existing share option scheme of the Company adopted by the Company on 18 May 2012

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## DEFINITIONS

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“Shareholder(s)”	holders of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“%”	per cent

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LETTER FROM THE BOARD

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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)**

*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

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

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

7th Floor, China United Centre

28 Marble Road

North Point

Hong Kong

18 February 2016

*To the Shareholders,*

Dear Sir or Madam,

- (1) PROPOSED REFRESHMENT OF GENERAL MANDATE  
TO ALLOT AND ISSUE SHARES;  
(2) PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT  
OF THE EXISTING SHARE OPTION SCHEME; AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with the information relating to: (i) the Refreshment to General Mandate; (ii) the Refreshment of Scheme Mandate Limit; (iii) the recommendation from the Independent Board Committee relating to the Refreshment to General Mandate; (iv) a letter of advice from the Independent Financial Adviser, setting out, among other things, its advice and recommendation to the Independent Board Committee and the Independent Shareholders on the Refreshment to General Mandate; and (v) the notice of SGM in respect of the above matters.

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## LETTER FROM THE BOARD

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### 2. PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

#### Background and reasons for the Refreshment to General Mandate

The Group is principally engaged in (i) design, development, manufacture and sale of packaging products; (ii) securities investment and trading business as well as (iii) money lending business.

At the AGM held on 18 May 2015, the Shareholders passed, among other things, an ordinary resolution in approving the Existing Issue Mandate to which the Directors were authorized to allot, issue and otherwise deal with a maximum of 575,063,972 new Shares, representing 20% of the total nominal amount of the share capital of the Company in issue as at the date of passing such resolution. That number of 575,063,972 new Shares has been fully placed after the completion of the placing of new Shares on 11 December 2015 with reference to the next day disclosure return published on 11 December 2015, and the announcements dated 30 November 2015 and 2 December 2015. The net proceeds raised therefrom was approximately HK\$89.25 million which was fully utilized in securities investment and trading business of the Company.

On 28 January 2016, the Shareholders passed an ordinary resolution in approving the subscription of new Shares under specific mandate to which the Directors were authorized to allot, issue and otherwise deal with a maximum of 575,063,972 new Shares at the subscription price of HK\$0.16 per share to the subscribers. That number of 575,063,972 new Shares has been fully allotted and issued after the completion of the subscription of new Shares on 4 February 2016 with reference to the next day disclosure return published on 4 February 2016, and the announcements dated 2 December 2015 and 28 January 2016. The net proceeds raised therefrom was approximately HK\$92 million which had been used for partial repayment of debts of the Company.

As of the Latest Practicable Date, the Company had an aggregate of 5,103,692,751 Shares in issue. Save for the proposed grant of the New Issue Mandate, there has been no refreshment of the Existing General Mandate since the AGM. Subject to the passing of the proposed resolution for the Refreshment to General Mandate by the Independent Shareholders at the SGM by way of poll and on the basis that no Share(s) will be issued or repurchased by the Company prior to the SGM, the Company will be allowed under the New Issue Mandate to issue 1,020,738,550 Shares, being 20% of the Shares in issue as at the date of the SGM.

The Company's current cash position is approximately HK\$35 million, together with the funds raised from the subscription of specific mandate of approximately HK\$92 million as approved by the SGM-Subscription on 28 January 2016, the Company's current financial resources are approximately HK\$127 million. The Company's expected funding needs for the next 12 months based on the Board's latest estimates are (i) general working capital requirement of approximately HK\$105 million, comprising HK\$70 million for the Company's packaging products manufacturing and sales business, and HK\$35 million for the Company's general administrative expenses, taking into account of its current business operations and size, (ii) debt repayment of approximately HK\$350 million, comprising a HK\$200 million 1 year term loan with an interest rate of prime plus 3% and a HK\$150 million 1 year term loan with an interest rate at prime, which is to be due on 16 December 2016 and 6 January 2017, respectively, and (iii) potential investment and/or business expansion opportunities that may be identified by the Company from time to time. Subtracting the expected funding requirement of approximately HK\$455 million for the next 12 months from the HK\$127 million current financial resources as stated above, the

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## LETTER FROM THE BOARD

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Company's shortfall in funding for the next 12 months is estimated to be approximately HK\$328 million. The above-mentioned expected working capital requirement is based on the expected working capital needs for the Company's packaging products manufacturing and sales business as well as for paying the Company's overhead and administrative expenses. Debt repayment of HK\$350 million falling due in the next 12 months is substantiated by loan agreements signed with the lenders. To the best of the Directors' knowledge, information and belief, the above-mentioned lenders are independent third parties of the Group.

On 4 February 2016, the Group had fully utilized the HK\$92 million net proceeds raised from subscription under specific mandate towards an early debt repayment of HK\$100 million to the lender of the HK\$150 million loan, thereby reducing such loan balance to HK\$50 million and the associated interest expenses for the next 11 months.

Since the proceeds from the subscription of specific mandate are insufficient to satisfy the Company's expected funding needs for the next 12 months, the Directors considers that it is crucial for the Company to raise additional funds through different means including the utilisation of general mandate. In addition, the Company will also need funding to expand its existing businesses as well as carry out its development strategy.

The Directors would like to maintain the flexibility for the Company to raise funds for its expected funding needs for the next 12 month through equity financing. Given that equity financing through utilising general mandate (i) does not incur any interest expenses on the Group as compared with debt financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; (iii) has more certainty and is less time-consuming than specific mandate which would require Shareholders' approval in a general meeting; and (iv) provides the Company with the capability to capture any capital raising and/or prospective investment opportunities if and when they are identified.

In view of the above, the Board considers the proposed Refreshment to General Mandate as an important and viable financing alternative to cater for its funding needs for the next 12 months and thus, is fair and reasonable and in the interest to the Company and its Shareholders as a whole.

The Board will continue to consider other fund-raising alternatives, including but not limited to, debt financing and/or other equity financing channels to meet the Company's funding requirements for the next 12 months. However, as of the date of this circular, the Board does not have other concrete fund-raising plans.

The New Issue Mandate will, if granted, remain effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by Bermuda law or Bye-laws; and (iii) its revocation or variation by ordinary resolution of the Shareholders in general meeting.

The Independent Board Committee, comprising Mr. Chan Sze Hung, Mr. Cheung Wing Ping, Mr. Ha Kee Choy Eugene and Mr. To Shing Chuen, all being independent non-executive Directors, has been formed to consider the grant of the New Issue Mandate. Grand Vinco Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the grant of the New Issue Mandate.



## LETTER FROM THE BOARD

### Effects on the shareholding structure of the Company

The shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately upon the issue of Shares granted under of the New Issue Mandate (assuming the New Issue Mandate is utilised in full and no other Shares are issued or repurchased by the Company).

Name of Shareholders	(i) As at the Latest Practicable Date		(ii) Immediately upon the issue of Shares granted under the New Issue Mandate (assuming the New Issue Mandate is utilised in full and no other Shares are issued or repurchased by the Company)	
	Number of Shares	Approximate Percentage	Number of Shares	Approximate Percentage
Amazing Bay Limited (Note 1)	1,459,641,400	28.60%	1,459,641,400	23.83%
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%
Shares issued under specific mandate	575,063,972	11.27%	575,063,972	9.39%
Shares to be issued under the New Issue Mandate (Note 3)	–	–	1,020,738,550	16.67%
Existing public Shareholders	<u>3,068,459,229</u>	<u>60.12%</u>	<u>3,068,459,229</u>	<u>50.10%</u>
Total	<u>5,103,692,751</u>	<u>100.00%</u>	<u>6,124,431,301</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.
- Based on the total number of 5,103,692,751 issued Shares as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company prior to the date of the SGM, if granted, will allow the Directors to allot and issue up to 1,020,738,550 new Shares, representing 20% of the nominal amount of share capital of the Company in issue as at the date of the SGM.

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## LETTER FROM THE BOARD

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### Fund raising activities in the past twelve months

Date of announcement/ circular	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 (" <b>First Warrants Placing</b> ") at the issue price of HK\$0.01 each entitling the holders thereof to subscribe for Shares (" <b>First Warrant Shares</b> ") 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. Due to the Cancellation, no further proceeds will be raised from issue of First Warrant Shares
13 May 2015 and 8 June 2015	Placing of 287,531,992 warrants (" <b>Second Warrants Placing</b> ") at the issue price of HK\$0.01 each entitling the holders thereof to subscribe for Shares (" <b>Second Warrant Shares</b> ") 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. Due to the Cancellation, no further proceeds will be raised from issue of Second Warrant Shares
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	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	Up to approximately HK\$92 million	For partial repayment of debts of the Company	The net proceeds was used as intended

Save as disclosed above, the Company has not conducted any fund raising activities in the past 12 months immediately before the date of this circular.

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## LETTER FROM THE BOARD

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### 3. PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE EXISTING SHARE OPTION SCHEME

The Directors are also proposing to seek the approval of the Shareholders at the SGM in relation to the Refreshment of Scheme Mandate Limit.

The Company adopted the Share Option Scheme pursuant to an ordinary resolution passed on 18 May 2012. Apart from the Share Option Scheme, the Company has no other share option scheme currently in force. Since the adoption date of the Share Option Scheme, a total of 359,414,982 options have been granted and fully exercised on 3 December 2015. The Company has utilised the existing Scheme Mandate Limit in full on 3 December 2015 and no options could be granted thereunder.

Pursuant to the Listing Rules and the rules of the Share Option Scheme, the maximum number of Shares which may be issued upon the exercise of all options available to be granted under the Share Option Scheme and any other share option schemes of the Company may not exceed the Scheme Mandate Limit. The Scheme Mandate Limit may be refreshed by approval of the Shareholders in general meeting from time to time, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as refreshed must not exceed 10% of the nominal amount of share capital of the Company in issue as at such date of approval. Options previously granted, outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme and any other share option schemes of the Company are not counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Notwithstanding the above, the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the nominal amount of share capital of the Company in issue from time to time.

The Board considers it appropriate to refresh the Scheme Mandate Limit so as to allow the Company the flexibility to grant options under the Share Option Scheme to reward eligible participants in recognition of their contributions to the Company.

Assuming that (i) no Shares are issued or repurchased by the Company from the Latest Practical Date up to the SGM; and (ii) the refreshment of the Scheme Mandate Limit is approved by the Shareholders at the SGM, the Company will have 5,103,692,751 Shares in issue as at the date of the SGM, the refreshed Scheme Mandate Limit will allow the Company to issue under the Share Option Scheme a maximum of 510,369,275 Shares, representing 10% of the nominal amount of share capital of the Company in issue as at the date of the SGM. In view of the aforesaid, the Directors believe that it is in the interest of the Company to refresh the Scheme Mandate Limit.

The Refreshment of Scheme Mandate Limit is conditional on:

- (i) the passing by the Shareholders of an ordinary resolution to approve the Refreshment of Scheme Mandate Limit at the SGM; and

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## LETTER FROM THE BOARD

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- (ii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, any new Shares of the Company, representing a maximum of 10% of the shares of the Company in issue as at the date of approval of the resolution at the SGM for the Refreshment of Scheme Mandate Limit which may be issued upon exercise of the options granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the listing of and permission to deal in any Shares which may fall to be issued upon the exercise of any options that may be granted under the refreshed Scheme Mandate Limit.

#### **4. THE SGM**

Notice of the SGM is set out on pages 23 to 25 of this circular and the SGM will be held at 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Friday, 4 March 2016 at 10:00 a.m. in which the ordinary resolutions will be proposed to approve the Refreshment to General Mandate and the Refreshment of Scheme Mandate Limit.

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 Company's branch share registrar 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 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.

#### **5. LISTING RULES REQUIREMENT**

According to the Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, the resolutions put to the vote at the SGM will be taken by way of poll.

Pursuant to Rule 13.36(4) of the Listing Rules, the Refreshment to General Mandate before the next annual general meeting of the Company will be subject to Independent Shareholders' approval at the SGM, where any controlling Shareholder(s) and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates are required to abstain from voting in favour of the relevant resolution.

As of the Latest Practicable Date, 1,459,641,400 Shares, representing 28.60% shareholding interest of the Company, were held through Amazing Bay Limited, a company wholly-owned by Ms. Lo. Accordingly, Ms. Lo was deemed to be interested in the same number of Shares held through Amazing Bay Limited. To the best of the Director's knowledge, information and belief, Amazing Bay Limited and Ms. Lo are independent from the executive Directors and chief executive of the Company. As such, Amazing Bay Limited and Ms. Lo are not required to abstain from voting at the SGM.

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## LETTER FROM THE BOARD

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### 6. 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.

### 7. RECOMMENDATION

The Board considers that each of the Refreshment to General Mandate and the Refreshment of the Scheme Mandate Limit is 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  
**China Optoelectronics Holding Group Co., Limited**  
**Lam How Mun Peter**  
*Chairman*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

18 February 2016

*To the Independent Shareholders*

Dear Sir or Madam,

**PROPOSED REFRESHMENT OF GENERAL MANDATE  
TO ALLOT AND ISSUE SHARES**

We refer to the circular to the Shareholders dated 18 February 2016 issued by China Optoelectronics Holding Group Co., Limited of which this letter forms part. Terms used in this letter shall have the same respective meanings as those defined in this circular, unless the context otherwise requires.

The Independent Board Committee has been established to give a recommendation to the Independent Shareholders in respect of the proposed Refreshment to General Mandate. Grand Vinco Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in connection with the proposed Refreshment to General Mandate. Details of its advice, together with the principal factors and reasons taken into account in arriving at such advice, are set out in their letter on pages 13 to 22 of this circular.

Your attention is also drawn to the “Letter from the Board” on pages 4 to 11 of this circular.

Having taken into account the terms of the Refreshment to General Mandate and the advice of the Independent Financial Adviser, we consider that the terms of the Refreshment to General Mandate and the granting of the New Issue Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote for the resolution to be proposed at the SGM to approve the New Issue Mandate.

Yours faithfully,

Independent Board Committee

**Chan Sze Hung**

*Independent non-executive Director*

**Cheung Wing Ping**

*Independent non-executive Director*

**Ha Kee Choy Eugene**

*Independent non-executive Director*

**To Shing Chuen**

*Independent non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in respect of the Refreshment to General Mandate which has been prepared for the purpose of incorporation in this circular:*



**Grand Vinco Capital Limited**

Units 4909-4910, 49/F., The Center  
99 Queen's Road Central, Hong Kong

18 February 2016

*To the Independent Board Committee and the Independent Shareholders of  
China Optoelectronics Holding Group Co., Limited*

Dear Sirs and Madams,

### **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Refreshment to General Mandate, details of which are set out in the letter from the Board (the "Letter from the Board") contained in the circular issued by the Company to the Shareholders dated 18 February 2016 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

At the AGM, the Shareholders passes among others, ordinary resolution to grant the Directors the Existing Issue Mandate to issue, allot and otherwise deal with a maximum of 575,063,972 Shares, representing 20% of the issued share capital of the Company as at the date of passing such resolution.

As at the Latest Practicable Date, the Existing Issue Mandate has been fully utilised as to 575,063,972 Shares, representing 100% of the aggregate number of Shares, after completion of the placing of new Shares announced on 30 November 2015 and 2 December 2015. As at the Latest Practicable Date, the Company had not made any refreshment of the Existing Issue Mandate since the AGM.

The Company will convene the SGM at which ordinary resolution will be proposed to the Independent Shareholders that the Directors be granted the New Issue Mandate to allot, issue and deal with new Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of SGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Under Rule 13.36(4) of Listing Rules, any proposed refreshment of general mandate prior to the Company's next annual general meeting must be approved by Independent Shareholders at the SGM, at which the controlling Shareholders and their associates, or where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executives of the Company as well as all their respective associates shall be abstained from voting in favour of the resolution approving the Refreshment to General Mandate. As of the Latest Practicable Date, 1,459,641,400 Shares, representing 28.60% shareholding interest of the Company, were held through Amazing Bay Limited, a company wholly-owned by Ms. Lo. Accordingly, Ms. Lo was deemed to be interested in the same number of Shares held through Amazing Bay Limited. To the best of the Director's knowledge, information and belief, Amazing Bay Limited and Ms. Lo are independent from the executive Directors and chief executive of the Company. As such, Amazing Bay Limited and Ms. Lo are not required to abstain from voting at the SGM.

The Independent Board Committee, comprising Mr. Chan Sze Hung, Mr. Cheung Wing Ping, Mr. Ha Kee Choy Eugene and Mr. To Shing Chuen, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in connection with the Refreshment to General Mandate. We, Vinco Capital, have been appointed and have been approved by the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Refreshment to General Mandate.

In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give an independent opinion as to whether the Refreshment to General Mandate is in the interest of the Company and the Shareholders as a whole, being fair and reasonable so far as the Independent Shareholders are concerned and whether the Independent Board Committee should recommend the Independent Shareholders to vote in favour of the Refreshment to General Mandate at the SGM.

As at the Latest Practicable Date, we were not aware of any relationships or interest between Vinco Capital and the Company or any other parties that could be reasonably be regarded as hindrance to Vinco Capital's independence as defined under Rule 13.36(4) of Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Refreshment to General Mandate. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations on the terms of the proposed ordinary resolution of the Refreshment to General Mandate. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We have not acted as the independent financial adviser for the Company's other transactions in the past two years. We are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are considered eligible to give independent advice on the Refreshment to General Mandate.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR OPINION AND RECOMMENDATION**

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment to General Mandate, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete up to and including the date of the SGM and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

We consider that we have been provided with, and we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. We have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Refreshment to General Mandate, as referred to in Rule 13.80 of the Listing Rules (including the notes thereof) in formulating our opinion and recommendation.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Refreshment to General Mandate and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED IN RELATION TO THE REFRESHMENT TO GENERAL MANDATE

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Refreshment to General Mandate, we have considered the principal factors and reasons set out below:

#### **Background to and reasons for the Refreshment to General Mandate**

##### ***Background***

The Group is principally engaged in (i) design, development, manufacture and sale of packaging products; (ii) securities investment and trading business; and (iii) money lending business.

At the AGM, the Shareholders approved, among other things, an ordinary resolution for granting to the Directors the Existing Issue Mandate to allot and issue not more than 575,063,972 Shares, being 20% of the entire issued share capital of the Company of 2,875,319,860 Shares as at the date of passing of the relevant resolution.

As announced in the announcement of the Company dated 30 November 2015, up to 575,063,972 Shares have been allotted and issued on 11 December 2015 under the Existing Issue Mandate under the placing agreement. The Existing Issue Mandate has been utilized as to 575,063,972 Shares, representing 100% of the aggregate number of Shares, after completion of the placing of new Shares. The net proceeds raised therefrom was approximately HK\$89.25 million which was fully utilized in securities investment and trading business of the Company. As at the Latest Practicable Date, the Company had not made any refreshment of the Existing General Mandate since the AGM.

On 28 January 2016, the Shareholders passed an ordinary resolution in approving the subscription of new Shares under specific mandate to which the Directors were authorized to allot, issue and otherwise deal with a maximum 575,063,972 new Shares at the subscription price of HK\$0.16 per Share to the subscribers. That number of 575,063,972 new Shares has been fully allotted and issued after the completion of the subscription of new Shares on 4 February 2016 with reference to the next day disclosure return published on 4 February 2016, and the announcements dated 2 December 2015 and 28 January 2016. The net proceeds raised therefrom was approximately HK\$92 million which had been used for partial repayment of debts of the Company.

The Company will convene the SGM at which ordinary resolution will be proposed to the Independent Shareholders that the Directors be granted the New Issue Mandate to allot, issue and deal with new Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the SGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, the Company had an aggregate of 5,103,692,751 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the Refreshment to General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed to allot and issue up to 1,020,738,550 Shares, representing 20% of the nominal amount of share capital of the Company in issue as at the date of SGM. The Company would exercise due and careful consideration when choosing the best financing method available to the Group.

The New Issue Mandate will, if granted, remain effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by Bermuda law or Bye-laws; and (iii) its revocation or variation by ordinary resolution of the Shareholders in general meeting.

### ***Reasons for the Refreshment to General Mandate***

As detailed in the Letter from the Board, and after our discussion with the Directors, we are aware of that in order to allow the flexibility for the Company to raise further capital to pay its general working capital, repay the debt and finance future business development, the Company wishes to seek approval of Independent Shareholders at the SGM to grant the New Issue Mandate to the Directors.

With reference to the announcement of the Company on 30 November 2015, the Company had placed 575,063,972 new Shares under the Existing Issue Mandate at the placing price of HK\$0.16 each. The net proceeds of the new Shares was up to approximately HK\$89.25 million. As advised by the Directors, the Company had utilized the proceeds for the securities investment and trading business. We have reviewed the account transaction monthly statement of a wholly owned subsidiary of the Company and are of the view that the Company had utilized the proceeds in way of allowing the Company to diversify its investment portfolio and broaden its revenue base for its financial services business.

As advised by the Directors, they estimated the expected funding needs based on its general working capital requirement, debt repayment and potential investment identified from time to time. We thus reviewed the cashflow forecast of the Company for the next 12 months, the general working capital requirement is approximately HK\$105 million which are comprising HK\$70 million for the Company's packaging products manufacturing and sales business, and HK\$35 million for the Company's general administrative expenses, taking into account of its current business operations and size. Moreover, we also reviewed two loan agreements of the Company which stated that the Company currently has debt of approximately HK\$350 million, comprising HK\$200 million of 1 year term loan with an interest rate of prime plus 3% and HK\$150 million of 1 year term loan with an interest rate at prime, which are to be due on 16 December 2016 and 6 January 2017, respectively. According to the current financial resources of the Company stated in the Letter from the Board, the current cash position is approximately HK\$35 million and together with the funds to be raised from the subscription of special mandate is approximately HK\$92 million as approved by the SGM-Subscription on 28 January 2016. However, the Company would need at least HK\$455 million to meet its expected funding needs for the next 12 months, the Company thus has a shortfall in funding for the next 12 months for approximately HK\$328 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, the Directors advised that the Company does not have any specific investment and/or business expansion opportunities identified. However, the Company has always been looking for opportunities of business expansion and development so as to diversify its revenue sources and broaden its revenue base. As stated in the interim report for the six months ended 30 June 2015 (the “2015 Interim Report”), the listed equity investments at fair value through profit or loss is HK\$52,355,000, an increase of 100% when compared with the same period in 2014. Thus, we are of the view that the Company has always been looking for opportunities of business expansion and development.

The Directors consider that it is necessary for the Refreshment to General Mandate by maintaining the financial flexibility necessary for the Company to raise funds through the issue of new securities for its general working capital, repayment of debt and potential expansion and development of its businesses as identified by the Group from time to time. If the Existing Issue Mandate is refreshed, the Group will be in a better bargaining position in the negotiation of potential investments or acquisitions, the Board thus proposes to pass an ordinary resolution at the SGM to approve the Refreshment to General Mandate so as to allow the Directors to issue new Shares not exceeding 20% of the nominal amount of the issued share capital of the Company as at the date of SGM.

Having considered that (i) the equity fund raising does not incur any interest expenses on the Company as compared with bank financing and is less costly and time-consuming than raising funds by way of rights issue or open offer, (ii) the current liquidity and cash position of the Company, in particular, the current debt of approximately HK\$350 million will be due within one year and (iii) the Refreshment to General Mandate will provide flexibility in the source of funding and allow the Company to grasp any potential opportunities in a timely manner, the Directors will consider and may conduct an equity fund raising exercise by, but not limited to, issuing new Shares under general mandate.

Accordingly, we are of view that it is fair and reasonable to grant the New Issue Mandate to the Directors to allot and issue shares.

### ***Other financing alternatives***

As advised by the Directors, the management of the Group had also considered other means of fund raising, including alternative means of equity financing (such as rights issue or open offer) and debt financing. Although rights issue and open offer would be offered to the Shareholders on a pro rata entitlement basis with no dilution effect on the existing shareholding of the Company, it usually takes more than three months to raise funds by rights issue or open offer and the Company may not be easy to grasp the potential opportunities in a timely manner. Apart from equity financing, the Directors will also consider other financing methods such as bank financing and debt financing so as to meet its financing requirements arising from any future development of the Group, depending on the financial position, capital structure and cost of funding of the Group as well as the prevailing market condition. Bank financing and debt financing will usually incur interest burden on the Group and may be subject to, including but not limited to, lengthy due diligence and negotiations with the banks.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the Letter from the Board, the Directors will also consider seeking Shareholders' approval for a specific mandate to issue new Shares if appropriate in the circumstances. However, specific mandate requires relatively long time to allot and issue new Shares as compared with utilising the general mandate and as such, it does not provide the Company with the flexibility to grasp the prospective investment opportunity in a timely manner.

We noted that the utilization of the Refreshment to General Mandate will have potential dilution impact on the shareholding of the Shareholders. However, notwithstanding the dilution impact to existing shareholders of equity fundraising activities, given that the additional time and cost required and the uncertainty of identifying underwriter under the recent volatile market condition in respect of rights issue and open offer. Accordingly, the Directors confirmed that they would exercise due and careful consideration when choosing the financing method available to the Group and would adopt the method which serves the best interest of the Group. In light of the above, we consider the Refreshment to General Mandate provides the Company an additional financing alternative for the Company to raise further capital for its business development if and when and opportunity arises and it is reasonable for the Company to maintain its flexibility in deciding the best financing alternative for its future investments and/or business development. Therefore, we thus concur with the Directors' view that the Refreshment to General Mandate is in the interest of the Company and the Shareholders as a whole.

The granting of the New Issue Mandate shall (i) ensure the Company having sufficient general mandate, if so required; (ii) provide an alternative to increase the amount of capital which may be raised under the New Issue Mandate; and (iii) the Refreshment to General Mandate provides more flexibility when it is necessary for the Company to raise funds through the issue of new securities for its general working capital, repayment of debt and potential expansion and development of its businesses as identified by the Group from time to time. We are of the view that the New Issue Mandate is subject to the grant of the Independent Shareholders, which may or may not be utilised, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Fund raising activities in the past twelve months

The following fund raising activities have been carried out by the Company in the twelve months immediately prior to the date of the Circular:

Date of announcement/ circular	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 the Circular. Due to the Cancellation, no further proceeds will 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 has not yet been issued as at the date of the Circular. 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	Up to approximately HK\$92 million	For partial repayment of debts of the Company	The net proceeds was used as intended

Save as disclosed above, the Company has not conducted any fund raising activities in the past twelve months immediately before the date of the Circular.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### Effects on the shareholding structure of the Company

Set out below is a table showing the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) for illustrative purpose, immediately upon the issue of Shares granted under the New Issue Mandate, assuming the New Issue Mandate is utilized in full and no other Shares are issued and/or repurchased by the Company:

Name of Shareholders	(i) As at the Latest Practicable Date		(ii) Immediately upon the issue of Shares granted under the New Issue Mandate (assuming the New Issue Mandate is utilised in full and no other Shares are issued or repurchased by the Company)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Amazing Bay Limited (Note 1)	1,459,641,400	28.60%	1,459,641,400	23.83%
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%
Shares issued under specific mandate	575,063,972	11.27%	575,063,972	9.39%
Shares to be issued under the New Issue Mandate (Note 3)	–	–	1,020,738,550	16.67%
Existing public Shareholders	<u>3,068,459,229</u>	<u>60.12%</u>	<u>3,068,459,229</u>	<u>50.10%</u>
Total	<u>5,103,692,751</u>	<u>100.00%</u>	<u>6,124,431,301</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. 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.
- Based on the total number of 5,103,692,751 issued Shares as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company prior to the date of the SGM, if granted, will allow the Directors to allot and issue up to 1,020,738,550 new Shares, representing 20% of the nominal amount of share capital of the Company in issue as at the date of the SGM.

Upon full utilisation of the New Issue Mandate, 1,020,738,550 Shares will be issued, representing 20% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company as enlarged by the Shares issued under the New Issue Mandate. Assuming that no other new Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the aggregate shareholding of the other public Shareholders will decrease from approximately 60.12% as at the Latest Practicable Date to approximately 50.10% immediately upon the full utilisation of the New Issue Mandate. The existing public Shareholders will have a potential maximum decrease in shareholding of approximately 10.02% following the full utilisation of the New Issue Mandate.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Taking into account the principal factors of the Refreshment to General Mandate and the fact that the shareholding of all the Shareholders will be diluted to the same extent upon any utilisation of the New Issue Mandate, with all other things being equal, we consider such dilution or potential dilution of shareholding of the Independent Shareholders to be acceptable.

### RECOMMENDATION

Having taken into consideration the above principal factors and reasons regarding the Refreshment to General Mandate, in particular:

- during the period from the grant of the Existing Issue Mandate to the Latest Practicable Date, 100% of the Existing Issue Mandate has been utilised;
- the New Issue Mandate provides more flexibility and options of financing to the Company for its general working capital, repayment of debt and future acquisition opportunities which may arise occasionally; and
- the acceptable potential dilution to shareholdings of the Independent Shareholders,

We are of the opinion that the Refreshment to General Mandate is in the interests of the Company and the Shareholders as a whole, and the grant of the New Issue Mandate is fair and reasonable so far as the Shareholders are concerned. Shareholders are, however, reminded to note the potential dilution effect of the full utilisation of the New Issue Mandate on their shareholding interests in the Company.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Refreshment to General Mandate to be proposed at the SGM.

Yours faithfully,  
For the on behalf of  
**Grand Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

*Note:* Mr. Alister Chung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Grand Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.



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## NOTICE OF SGM

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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)

### 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 Friday, 4 March 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 general mandate granted to the directors of the Company (the “**Director(s)**”) to exercise the powers of the Company to allot, issue and deal with shares of the Company (the “**Share(s)**”) as approved by the shareholders of the Company (the “**Shareholder(s)**”) at the annual general meeting of the Company held on 18 May 2015 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this Resolution);
- (b) subject to paragraph (d) below, and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the Directors during the Relevant Period (as hereinafter defined in this Resolution) of all the powers of the Company to allot, issue and deal with unissued Shares and to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (c) the approval in paragraph (b) above shall authorise the Directors during the Relevant Period (as hereinafter defined in this Resolution) to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined in this Resolution);
- (d) the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (b) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of Shares upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company from time to time; or (iii) an issue of Shares upon the exercise of options which may be granted under the share option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of Shares or rights to acquire Shares; or (iv) any scrip dividend scheme or similar

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## NOTICE OF SGM

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arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company, shall not exceed twenty per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

- (e) for the purpose of this Resolution:-

**“Relevant Period”** means the period from the passing of this Resolution until whichever is the earliest of:-

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by Shareholders in general meeting revoking, varying or renewing the authority given to the Directors by this Resolution.

**“Rights Issue”** means an offer of Shares or issue of options, warrants or other securities giving the right to subscribe for Shares, open for a period fixed by the Directors to holders of Shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities), (subject in all cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

### 2. **“THAT**

- (a) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options which may be granted under the Refreshed Limit (as hereinafter defined), the Scheme Mandate Limit (as hereinafter defined) in respect of the granting of options to subscribe for Shares under the Scheme (as hereinafter defined) and any other share option scheme(s) of the Company be refreshed and renewed provided that (i) the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Scheme and any other share option scheme(s) of the Company shall not exceed ten per cent of the number of Shares in issue as at the date of passing this Resolution (the **“Refreshed Limit”**) and (ii) options previously granted under the Scheme and any other share option scheme(s) of the Company (including those outstanding, cancelled, lapsed in accordance with the Scheme and any other share option scheme(s) of the Company or exercised options) shall not be counted for the purpose of calculating the Refreshed Limit, and the Directors be and are hereby authorised from time to time to offer or grant options pursuant to the Scheme subject to the Refreshed Limit and to exercise all powers of the Company to allot and issue Shares upon the exercise of any such options.

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## NOTICE OF SGM

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- (b) for the purpose of this Resolution:

“**Scheme**” means the share option scheme of the Company adopted on 18 May 2012 pursuant to a resolution passed by written resolutions of the then sole shareholder of the Company on that date; and

“**Scheme Mandate Limit**” means the maximum number of Shares that may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme(s) of the Company.”

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

Hong Kong, 18 February 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.