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CHINA OPTO
HOLDINGS LIMITED

China Opto Holdings Limited

中國新進控股有限公司

(Incorporated in Bermuda with limited liability)

Website: www.chinaopto.com.hk

(Stock Code: 1332)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Manager



On 9 November 2016 (after trading hours), the Company and the Placing Manager entered into the Placing Agreement, pursuant to which the Placing Manager has conditionally agreed to procure, on a best effort basis, the Placees to subscribe for the Placing Shares at the Placing Price of HK\$0.25 per Placing Share during the Placing Period.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Closing Date, the maximum number of 1,632,880,000 Placing Shares represent approximately 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the Placing Shares to be issued pursuant to the Placing.

The Placing Shares will be allotted and issued under the General Mandate.

The Placing is conditional upon, among others, the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

Assuming that all the Placing Shares are fully placed, the gross proceeds and net proceeds from the Placing will amount to approximately HK\$408 million and approximately HK\$406 million respectively. The Company intends to use the net proceeds from the Placing to redeem the Promissory Note and to expand and develop the Company's newly acquired QR codes packaging business.

As closing of the Placing is subject to the satisfaction of the conditions precedent under the Placing Agreement and the Placing is on a best effort basis, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 9 November 2016 (after trading hours)

Parties: the Company and China Everbright Securities (HK) Limited

Placing Manager

Pursuant to the Placing Agreement, the Placing Manager has conditionally agreed to procure, on a best effort basis, the Placees to subscribe for the Placing Shares at the Placing Price during the Placing Period and will receive a placing commission of 0.5% on the gross proceeds of the Placing on the Closing Date. The Directors are of the view that the placing commission is fair and reasonable.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the Placing Manager and its ultimate beneficial owners are third parties independent of and not connected with the Company and/or its connected persons.

Placees

The Placing Manager will place the Placing Shares to not less than six Placees, being professional, institutional or other investors, who and whose ultimate beneficial owners are Independent Third Parties. It is expected that none of the Placees will become substantial Shareholder (as defined in the Listing Rules) immediately after taking up the Placing Shares.

Number of Placing Shares

The maximum number of 1,632,880,000 Placing Shares under the Placing represent approximately 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the Placing Shares to be issued pursuant to the Placing.

Ranking of the Placing Shares

The Placing 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 Placing Shares.

Placing Price

The Placing Price of HK\$0.25 per Share represents:

- (i) a discount of approximately 15.25% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on 9 November 2016, being the date of the Placing Agreement;
- (ii) a discount of approximately 15.25% to the average closing price per Share of approximately HK\$0.295 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 9 November 2016; and
- (iii) a discount of approximately 15.82% to the average closing price per Share of approximately HK\$0.297 as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to 9 November 2016.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Manager with reference to market prices of the Shares in recent times and the current market conditions. The Directors consider that the terms of the Placing Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions precedent to closing of the Placing

Closing of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares;
- (ii) all necessary consents, approvals, authorizations and/or waivers having been obtained by the Company to effect the execution, completion and performance of the obligations and other terms of the Placing Agreement;
- (iii) the Placing Manager having received from the Company certified board resolutions approving the Placing and the entering into of the Placing Agreement; and
- (iv) the obligations of the Placing Manager under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement.

In the event the above conditions have not fulfilled (or waived by the Placing Manager) on or prior to the 24th day after the date of the Placing Agreement, the Placing Agreement shall terminate and none of the parties shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement).

Termination of the Placing Agreement

If at any time prior to 6:00 a.m. on the third Business Day following the satisfaction of the conditions precedent under the Placing Agreement (or such later date as the Company and the Placing Manager shall agree) (the "Closing Time"), in the absolute opinion of the Placing Manager that the success of the Placing or the business or the financial conditions or prospects of the Company or the Group would or might be adversely affected by:-

- (a) there develops, occurs or comes into force:
 - (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
 - (ii) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (iii) any change in conditions of local, national or international securities markets; or

- (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
 - (v) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or, Bermuda or any jurisdictions in which any member of the Group is incorporated or operates; or
 - (vi) any material litigation or claim being instigated against any member of the Group; or
 - (vii) any suspension in the trading of Shares on the Stock Exchange for a continuous period of five Business Days; or
- (b) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Manager or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Closing Time which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any respect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (c) there is any material adverse change in the financial position of the Company,

the Placing Manager may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company and in such event, the Placing Agreement shall cease and determine and no party shall have any claim against the other party except for any breach arising prior to such termination.

Closing of the Placing

Closing of the Placing shall take place on the Closing Date.

As closing of the Placing is subject to the satisfaction of the conditions precedent under the Placing Agreement and the Placing is on a best effort basis, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

GENERAL MANDATE

The Placing Shares will be issued under the General Mandate to allot, issue and deal in Shares granted to the Directors by a resolution of the Shareholders passed at the SGM pursuant to which the Directors are authorised to issue up to 1,632,886,260 Shares (representing 20% of the issued share capital in the Company as at the date of the SGM). Up to the date of this announcement, no Share has been issued under the General Mandate.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The principal activities of the Group are (i) design, development, manufacture and sale of packaging products and point-of-sales display units; (ii) provision of QR codes on product packaging and related business intelligence IT solutions; (iii) investment and trading in securities; and (iv) money lending.

Assuming that all the Placing Shares are placed, the gross proceeds and net proceeds from the Placing will amount to approximately HK\$408 million and approximately HK\$406 million respectively.

The Company intends that the net proceeds of the Placing will be used for (i) the redemption of the Promissory Note with principal amount of HK\$258 million and payment of accrued interest; and (ii) expansion and development of the Company's newly acquired QR codes packaging business. In addition, the Placing will enlarge the shareholder base and the capital base of the Company. In view of the foregoing, the Board considers that the Placing is in the 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 this announcement and (ii) immediately after closing of the Placing (assuming that all the Placing Shares are placed, there is no change in the share capital of the Company between the date of this announcement and the Closing Date) are as follows:

Name of Shareholders	As at the date of this Announcement		Immediately after the closing of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Dr. Lam How Mun Peter ¹	398,150	0.00	398,150	0.00
Ms. Poon Ho Yee Agnes ¹	130,000	0.00	130,000	0.00
Mr. Wang Liang ¹	200,000,000	2.45	200,000,000	2.04
Ms. Qiao Yanfeng ²	600,000,000	7.35	600,000,000	6.12
Mr. Ou Yaping	2,048,184,675	25.09	2,048,184,675	20.91
The Places	–	–	1,632,880,000	16.67
Existing public Shareholders	5,315,718,476	65.11	5,315,718,476	54.26
	<u>8,164,431,301</u>	<u>100.00</u>	<u>9,797,311,301</u>	<u>100.00</u>

Notes:

1. Dr. Lam How Mun Peter is the non-executive Director of the Company and Ms. Poon Ho Yee Agnes and Mr. Wang Liang are executive Directors of the Company.
2. 600,000,000 Shares are held through TY Technology Group Limited, a company in which Ms. Qiao Yanfeng (Mr. Wang Liang's mother) is a controlling shareholder and Mr. Wang Liang is a director. Accordingly, Ms. Qiao Yanfeng is deemed to be interested in these Shares.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of announcement/circular	Fund raising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds
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. (Note 1: the net proceeds of approximately HK\$89.25 million was used to purchase 450,000,000 shares of Freeman Fintech Corporation Limited (Stock Code: 279) on 15 December 2015. The said shares were sold entirely on 15 February 2016. The proceeds was used for partial repayment of loan from Win Wind Resources Limited (“Win Wind”) of HK\$50 million.)
2 December 2015 and 13 January 2016	Subscription of 575,063,972 new Shares under specific mandate at the subscription price of HK\$0.16 each	Approximately HK\$92.01 million	For partial repayment of debts of the Company	The net proceeds was used as intended. (Note 2: the net proceeds of approximately HK\$92.01 million was used for partial repayment of loan from Win Wind of HK\$100 million on 4 February 2016.)
10 August 2016 and 19 August 2016	Placing of 420,738,550 new Shares on fully underwritten basis under general mandate approved at the Company’s annual general meeting held on 27 June 2016 at the placing price of HK\$0.28 each	Approximately HK\$114.26 million	For satisfying the cash considerations of the sale shares and the sale loan, and the remainder to be used towards working capital purpose of the Company	Approximately HK\$110.4 million was used as intended to satisfy the cash considerations of the sale shares and the sale loan, HK\$3.2 million was used for legal and professional fee for the acquisition of the sale shares and the remainder will be used for general administrative expenses of the Company

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

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays or public holidays) on which banks are generally open for business in Hong Kong
“Closing Date”	the fifth Business Day following the satisfaction (or waiver) of all the conditions specified in the Placing Agreement or such other date as the Company and the Placing Manager shall agree
“Company”	China Opto Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1332)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the SGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as the date of the SGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Director’s 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placee(s)”	any professional, institutional and other investor(s) selected and procured by or on behalf of the Placing Manager as contemplated by the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Manager pursuant to the terms of the Placing Agreement
“Placing Agreement”	a conditional placing agreement dated 9 November 2016 and entered into between the Company and the Placing Manager in relation to the Placing
“Placing Manager”	China Everbright Securities (HK) Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Period”	the period commenced from the execution of the Placing Agreement and ending on the Closing Date or the 27th day after the date of the Placing Agreement (whichever date is the earlier) (both days inclusive)
“Placing Price”	HK\$0.25 per Placing Share
“Placing Shares”	up to a maximum of 1,632,880,000 new Shares to be placed pursuant to the Placing Agreement
“Promissory Note”	the promissory note in the principal amount of HK\$258,000,000 was issued by the Company to TY Technology Group Limited in partial settlement of the consideration of the purchase of entire issued share capital of Apex Capital Business Limited as announced on 10 August 2016
“SGM”	the special general meeting of the Company held on 20 October 2016
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 9 November 2016

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

Executive Directors

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

Mr. Lo Yuen Wa Peter

Ms. Sun Dixie Hui

Mr. Wang Liang

Non-executive Director

Dr. Lam How Mun Peter (*Chairman*)

Independent Non-executive Directors

Mr. Cheung Wing Ping

Mr. Ha Kee Choy Eugene

Mr. To Shing Chuen