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China Opto Holdings Limited

中國新進控股有限公司

(Incorporated in Bermuda with limited liability)

Website: www.chinaopto.com.hk

(Stock Code: 1332)

**CLARIFICATION ANNOUNCEMENT
IN RELATION TO
PLACING OF NEW SHARES UNDER GENERAL MANDATE**

Reference is made to the announcement (the “Announcement”) of China Opto Holdings Limited (the “Company”) dated 9 November 2016 in relation to placing of new shares under general mandate. Unless otherwise defined, capitalized terms used herein shall bear the same meaning as in the Announcement.

The Board would like to provide further information in respect of the Placing as follows:

REASONS FOR THE PLACING AND USE OF PROCEEDS

Redemption of the Promissory Note

As disclosed in the Announcement, the Company intends that the net proceeds of the Placing of approximately HK\$406 million will partly be used for the redemption of the Promissory Note with principal amount of HK\$258 million and payment of the related accrued interest.

Reference is also made to the announcement (the “August Announcement”) of the Company dated 10 August 2016 in relation to, inter alia, a discloseable transaction in respect of the Group’s acquisition of Apex Capital Business Limited. As disclosed in the August Announcement, (i) the Promissory Note will mature on the first anniversary of its date of issuance which is 19 August 2016; and (ii) interest shall accrue on the outstanding amount of the Promissory Note at the rate of 7.5% per annum.

By applying part of the net proceeds of the Placing to the early redemption of the Promissory Note, the Company can save the interest payable on the Promissory Note of approximately HK\$1.6 million per month or, on the assumption that the Promissory Note will be fully redeemed in around the end of November 2016, approximately HK\$13.8 million totally. Thus, the Board is of the view that the partial application of the proceeds of the Placing towards the redemption of the Promissory Note is in the interest of the Company and its Shareholders as a whole.

Expansion and development of the Company's QR codes packaging business

As disclosed in the Announcement, after the redemption of the Promissory Note, the net proceeds of the Placing will be used for the expansion and development of the Company's QR codes packaging business.

The Company would like to elaborate that on the assumption that the Promissory Note will be fully redeemed in around the end of November 2016, the remaining balance of the net proceeds of the Placing will be approximately HK\$142.5 million. The Company intends to apply this balance towards the expansion and development of its QR codes packaging business as to (i) approximately HK\$80.0 million for the acquisition of plant and equipment; (ii) approximately HK\$50.9 million for research and development, recruitment of technical staff and other personnel and other working capital needs for that business; and (iii) approximately HK\$11.6 million for the purchase of transportation and office supplies to support the "Finding the origins of the edible goods program" in different provinces in mainland China.

The Company believes that raising the above-mentioned amount at this stage would enable the QR codes packaging business to strengthen and to capture new customers more quickly. It will also enable the effective and efficient rolling-out of the "Finding the origins of the edible goods program". Raising the above-mentioned amount at this stage is therefore both important and desirable for the growth and expansion of the Group's QR codes packaging business, brings additional return and value for Shareholders, and is in the best interest of the Company and its Shareholders as a whole.

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

Hong Kong, 18 November 2016

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

Executive Directors

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

Mr. Lo Yuen Wa Peter

Ms. Sun Dixie Hui

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