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**China Optoelectronics Holding Group Co., Limited**

**中國光電控股集團有限公司**

*(Incorporated in Bermuda with limited liability)*

*Website: [www.chnoe.com](http://www.chnoe.com)*

*(Stock Code: 1332)*

**TERMINATION OF PROPOSED AMENDMENTS TO UNLISTED  
WARRANTS; CANCELLATION OF UNLISTED WARRANTS;  
SUBSCRIPTION OF SHARES  
UNDER SPECIFIC MANDATE; AND  
RESUMPTION OF TRADING**

**TERMINATION OF PROPOSED AMENDMENTS TO UNLISTED  
WARRANTS; CANCELLATION OF UNLISTED WARRANTS AND  
SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE**

Reference is made to the Amendment Announcement, on 2 December 2015 (after trading hours), the Company entered into the Subscription and Cancellation Agreement with the Subscriber, pursuant to which (i) the Company and the Subscriber agreed to terminate the First Warrants Deed of Variations and the Second Warrants Deed of Variations with immediate effect; (ii) in consideration of the Company's acceptance of the cancellation of all of the First Warrants and the Second Warrants, the Subscriber conditionally agreed to subscribe for the 575,063,972 Subscription Shares of the Company at the aggregate Subscription Price of HK\$92,010,235.52 (i.e. HK\$0.16 per Subscription Share); and (iii) in consideration of the Subscriber's subscription of the Subscription Shares, the Company conditionally agreed to cancel the whole of the First Warrants and the Second Warrants, upon and in accordance with the terms of the Subscription and Cancellation Agreement.

The termination of the First Warrants Deed of Variations and the Second Warrants Deed of Variations shall take effect immediately from the date of the Subscription and Cancellation Agreement. The Completion shall be subject to the fulfillment of the conditions precedent of the Subscription and Cancellation Agreement and shall take place simultaneously.

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

A circular containing, among other things, further details of the Subscription and Cancellation Agreement and the transactions contemplated thereunder and the notice of the SGM, will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

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

#### **TRADING HALT AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 1 December 2015, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 3 December 2015.

Reference is made to the announcement of the Company dated 30 November 2015 in relation to the proposed amendments to the First Warrants and the Second Warrants (the “Amendment Announcement”). Capitalised terms used in this announcement, unless the context requires otherwise, shall have the same meanings as those defined in the Amendment Announcement.

After the entering into of the First Warrants Deed of Variations and the Second Warrants Deed of Variations, the Company and the Subscriber (in the capacity of the First Warrantholder and the Second Warrantholder) had further negotiations of the transactions contemplated thereunder and they agreed to restructure the transactions by entering into the Subscription and Cancellation Agreement as more particularly described in this announcement.

On 2 December 2015 (after trading hours), the Company entered into the Subscription and Cancellation Agreement with the Subscriber, pursuant to which (i) the Company and the Subscriber agreed to terminate the First Warrants Deed of Variations and the Second Warrants Deed of Variations with immediate effect; (ii) in consideration of the Company's acceptance of the cancellation of all of the First Warrants and the Second Warrants, the Subscriber conditionally agreed to subscribe for the 575,063,972 Subscription Shares of the Company at the aggregate Subscription Price of HK\$92,010,235.52 (i.e. HK\$0.16 per Subscription Share); and (iii) in consideration of the Subscriber's subscription of the Subscription Shares, the Company conditionally agreed to cancel the whole of the First Warrants and the Second Warrants, upon and in accordance with the terms of the Subscription and Cancellation Agreement.

## **THE SUBSCRIPTION AND CANCELLATION AGREEMENT**

**Date:** 2 December 2015 (after trading hours)

**Parties:** the Company and the Subscriber

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

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

### **Termination of the First Warrants Deed of Variations and the Second Warrants Deed of Variations**

Pursuant to the Subscription and Cancellation Agreement, the Company and the Subscriber (in the capacity of the First Warrantholder and the Second Warrantholder respectively) agreed to terminate the First Warrants Deed of Variations and the Second Warrants Deed of Variations with immediate effect from the date of the Subscription and Cancellation Agreement. Each of the Company and the Subscriber thereby releases the other from the two deeds of variations and from all obligations, covenants and undertakings contained therein, and neither party hereto shall have any claim against the other for or on account of either of the First Warrants Deed of Variations and the Second Warrants Deed of Variations or for or

by reason of any act matter or thing relating thereto.

The termination of the First Warrants Deed of Variations and the Second Warrants Deed of Variations is not subject to fulfillment of any conditions precedent under the Subscription and Cancellation Agreement.

### **The Subscription and the Cancellation**

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

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

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

### **Conditions precedent**

The obligations of the parties hereto to effect the Completion shall be conditional upon:

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

- (c) if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Subscription and Cancellation Agreement and the transactions contemplated thereunder.

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

### **Completion**

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

Pursuant to the Subscription and Cancellation Agreement, upon Completion:-

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

Completion shall take place simultaneously.

### **The Subscription Shares**

An aggregate of 575,063,972 Subscription Shares will be allotted and issued to the Subscriber. These 575,063,972 Subscription Shares represent approximately 16% of the existing issued share capital of the Company as at the date of this announcement and approximately 13.79% of the issued share capital of the Company as enlarged by the Subscription Shares to be issued pursuant to the Subscription.

## **Ranking of the Subscription Shares**

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

## **Subscription Price**

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

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

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

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

## **Cancellation of the First Warrants and the Second Warrants**

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

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

subscription rights to subscribe for Shares upon the expiry of the subscription period).

### **Subscriber's undertaking**

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

### **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE CANCELLATION**

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

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

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

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

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company (i) as at the date of this announcement and (ii) immediately after the Completion (assuming that there will be no change in the share capital of the Company between the date of this announcement and the date of Completion) are as follows:

Name of Shareholders	As at the date of this announcement		Immediately after the Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Amazing Bay Limited (Note 1)	1,459,641,400	40.61%	1,459,641,400	35.01%
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%
The Subscriber	–	–	575,063,972	13.79%
Existing public Shareholders	2,133,980,275	59.38%	2,133,980,275	51.19%
	<b>3,594,149,825</b>	<b>100.00%</b>	<b>4,169,213,797</b>	<b>100.00%</b>

Notes:

1. 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.
2. 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.



## FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
21 April 2015, 29 April 2015 15 May 2015 and 8 June 2015	Placing of 287,531,980 warrants ("First Warrants Placing") at the issue price of HK\$0.01 each entitling the holders thereof to subscribe for Shares ("First Warrant Shares") at the exercise price of HK\$0.56 per Share	Approximately HK\$158.88 million	The net proceeds from the First Warrants Placing amount to approximately HK\$2.88 million which was raised for the general working capital of the Group. Any additional net proceeds from the issue of the First Warrant Shares of a maximum amount of approximately HK\$156 million will also be applied as the general working capital and as funds for future business development of the Group	The net proceeds of approximately HK\$2.88 million was used as intended  The First Warrant Shares has not yet been issued as at the date of this announcement
13 May 2015 and 8 June 2015	Placing of 287,531,992 warrants ("Second Warrants Placing") at the issue price of HK\$0.01 each entitling the holders thereof to subscribe for Shares ("Second Warrant Shares") at the exercise price of HK\$0.608 per Share	Approximately HK\$171.48 million	The net proceeds from the Second Warrants Placing amount to approximately HK\$2.88 million which was raised for the general working capital of the Group. Any additional net proceeds from the issue of the Second Warrant Shares of a maximum amount of approximately HK\$168.60 million will also be applied as the general working capital and as funds for future business development of the Group	The net proceeds of approximately HK\$2.88 million was used as intended  The Second Warrant Shares has not yet been issued as at the date of this announcement
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	Up to approximately HK\$89.25 million	For the general working capital of the Group and/or to fund the expansion of its business	The Share Placing has not yet been completed so no proceeds has yet been received

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.

### GENERAL

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

A circular containing, among other things, further details of the Subscription and Cancellation Agreement and the transactions contemplated thereunder and the notice of the SGM, will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

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

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

## **TRADING HALT AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 1 December 2015, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 3 December 2015.

## **DEFINITIONS**

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

“Cancellation”	cancellation of the whole of the First Warrants and the Second Warrants pursuant to the Subscription and Cancellation Agreement
“SGM”	the special general meeting of the Company to be convened and held by the Company for the purpose of considering and, if thought fit, approving the Subscription and Cancellation Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate and the Cancellation
“Specific Mandate”	the specific mandate for the issue of the Subscription Shares to be granted to the Directors by the Shareholders at the SGM
“Subscriber”	Freeman Securities Limited
“Subscription”	the subscription of 575,063,972 Subscription Shares by the Subscriber pursuant to the Subscription and Cancellation Agreement

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

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

Hong Kong, 2 December 2015

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

*Executive Directors*

Ms. Poon Ho Yee Agnes (*Managing Director*)  
Ms. Lin Ying  
Mr. Lo Yuen Wa Peter  
Ms. Sun Dixie Hui

*Non-executive Director*

Dr. Lam How Mun Peter (*Chairman*)

*Independent Non-executive Directors*

Mr. Chan Sze Hung  
Mr. Cheung Wing Ping  
Mr. Ha Kee Choy Eugene  
Mr. Man Wai Chuen  
Mr. To Shing Chuen