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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](http://www.chinaopto.com.hk)*

**(Stock Code: 1332)**

## **USE OF PROCEEDS FROM PLACING**

Reference is made to the announcements of the China Opto Holdings Limited (the “**Company**”) dated 9 November 2016 (the “**First Announcement**”) and 18 November 2016 (the “**Second Announcement**”) in relation to the Placing. Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the First Announcement and the Second Announcement.

The Company raised a total of HK\$406.1 million net proceeds from the Placing. The Board wishes to update the Shareholders in respect of the use of the net proceeds raised from the Placing as at the date of this announcement.

Intended use of proceeds from the Placing	Actual use of proceeds (as at the date of this announcement)	Proposed use of the remaining unutilized proceeds (as at the date of this announcement)
a) The redemption of the Promissory Note	In the end of November 2016, an amount of HK\$263.4 million was utilized for the full redemption of the Promissory Note (the “ <b>Redemption</b> ”) in the principal amount of HK\$258 million and payment of accrued interest.	The Group has fully utilised the portion of the net proceeds earmarked for the Redemption purpose.
b) The expansion and development of its QR codes packaging business as to:	An amount of HK\$4.4 million was used towards the acquisition of plant and equipment for QR codes business (the “ <b>Actual Plant and Equipment Acquisition</b> ”).	The Group plans to reallocate and earmark the balance of HK\$138.3 million as follows:
i) approximately HK\$80.0 million for the acquisition of plant and equipment (the “ <b>Plant and Equipment Acquisition</b> ”);	An amount HK\$138.3 million, being an amount of the balance of the net proceeds from the Placing after the Redemption and the Actual Plant and Equipment Acquisition, has not been utilised.	i) an amount of RMB78 million (equivalent to approximately HK\$89 million) towards an acquisition (the “ <b>Acquisition</b> ”) of Sigmatrix Technology Co., Ltd.* (信碼互通(北京)科技有限公司) (the “ <b>Target</b> ”) in the People’s Republic of China (the “ <b>PRC</b> ”) by Shanghai TY Technology Co. Ltd.* (上海透雲物聯網科技有限公司), an indirect wholly-owned subsidiary of the Company, under the relevant acquisition agreement dated 24 January 2017 which is expected to be completed between February and March 2017;
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 (the “ <b>Research &amp; Development</b> ”); and		ii) an amount of approximately HK\$10 million for the Plant and Equipment Acquisition;
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 “ <b>Purchase of Transportation and Supplies</b> ”).		iii) an amount of approximately HK\$32.7 million for the Research & Development; and iv) an amount of approximately HK\$6.6 million for the Purchase of Transportation and Supplies (the “ <b>New Proposed Use of Proceeds</b> ”).

\* For identification purposes only

## **REASONS FOR THE NEW PROPOSED USE OF PROCEEDS**

The Target is principally engaged in the technological development, marketing, research and development of the QR codes packaging in the PRC. It has equipment for the production of QR codes packaging, an experienced research and development team, 31 registered patents in the PRC and a stable and broad customer base in the PRC using QR codes packaging for the crown corks in products such as beer and fruit vinegar etc. The Board is of the view that instead of the Group acquiring the plant and equipment and recruiting a research and development team as set out in the Second Announcement, the Acquisition will equip the Group directly with the required equipment, the necessary patents, a research and development team as well as a strong client network for the development of the Group's business. The New Proposed Use of Proceeds is therefore consistent with the original intended uses as set out in the Second Announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Target and the seller of Target are third parties independent of the Company and its connected persons as at the date of this announcement.

The Directors (including the independent non-executive Directors) consider that the New Proposed Use of Proceeds is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

By order of the Board  
**China Opto Holdings Limited**  
**Wang Liang**  
*Chairman*

Hong Kong, 24 January 2017

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

*Executive Directors*

Mr. Wang Liang (*Chairman*)

Mr. Du Dong

Mr. Lo Yuen Wa Peter

*Non-executive Director*

Mr. Chen Hui

*Independent Non-executive Directors*

Mr. Cheung Wing Ping

Mr. Ha Kee Choy Eugene

Mr. To Shing Chuen