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China Hongguang Holdings Limited

中國宏光控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8646)

VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING

This announcement is made on a voluntary basis by China Hongguang Holdings Limited (the “**Company**”, together with its subsidiaries the “**Group**”) , in order to provide shareholders and potential investors of the Company with the latest updates on the business development of the Group.

The board of directors of the Company (the “**Board**”) is pleased to announce that, on 27 September 2022, the Company has entered into a non-binding memorandum of understanding (the “**MOU**”) with Xia Neng Technology (Beijing) Limited* (夏能科技(北京)有限公司) (“**Xia Neng**”).

THE MOU

The Company intends to form a strategic partnership with Xia Neng to jointly promote the development of the Building Integrated Photovoltaic (“**BIPV**”) industry in Mainland China, as well as facilitate collaborations on BIPV and new energy projects.

Both parties will negotiate on the appropriate company structure to establish a joint venture company, and explore ways to jointly develop a suitable BIPV project in Mainland China, including but not limited to investment in factory construction and merger and acquisitions.

Pursuant to the MOU, the Company has agreed to provide technical support for the development of core components for photovoltaic facade with its excellent coated glass technology, and to leverage its resources in the architectural industry to develop the BIPV market. Xia Neng will provide technical support for BIPV integrated solutions and consolidate regional BIPV industry resources.

INFORMATION ON XIA NENG

According to information provided by Xia Neng, Xia Neng was established in 2019 with its headquarters located in the capital of China, Beijing, and is a hi-tech enterprise with strategic investment from the Zhejiang Tonglu Government Industrial Fund* (浙江省桐廬政府產業基金), primarily engaged in the R&D and production of BIPV optoelectronics new materials application products.

Xia Neng mainly offers BIPV construction products, including photovoltaic bricks, photovoltaic glass facade, photovoltaic roof tiles, energy-producing building systems, as well as high efficiency lightweight photovoltaic modules used in rooftop power generation of commercial buildings.

The BIPV optoelectronics new materials offered by Xia Neng process both power generation and building application functions, with a diverse range of product types and colours as well as high conversion rate, and can be widely deployed on the ground, facades, rooftops and various building surfaces, thus addressing the disadvantages and deficiencies of traditional PV products such as large installation area, lack of variety and specialised application.

Xia Neng closely cooperates with Central SOEs, SOEs and MNCs including China General Technology Group, China Huaneng Group, State Power Investment Corporation Limited, Zhuhai Port Co., Ltd. and ZED Factory Ltd. to promote green and clean energy solutions across the globe and build zero carbon smart cities and zero carbon transport systems.

To the best knowledge, information and belief of the directors, having made all reasonable enquiries, Xia Neng and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MOU

The Group primarily engages in the manufacture and sale of architectural glass products, including energy-efficient safety glass products and smart glass product in Southern China, under our own brand “Hongguang”.

Besides development of its existing business, the Board believes that it should leverage its technological edge and customer resources to actively expand its industry chain. In recent years, the PV industry has entered into a period of growth opportunities. BIPV is the mainstream in green buildings and will be the future trend of both the PV industry as well as urban and building energy development. China has abundant solar resources and there is massive availability of space for PV installation in cities in China. By 2025, the actual market size of PV buildings could increase to RMB223,500,000,000, of which BIPV market size could reach RMB76,600,000,000.

The Board hopes that with Xia Neng providing BIPV integrated solutions technical support and regional BIPV industry resources in China, the Group will enjoy expanded business opportunities and achieve BIPV sector business line expansion, creating new revenue streams and improving its financial performance.

Accordingly, the Board believes that the strategic partnership will be beneficial to the future growth of the Group and is in the interests of the Company and its shareholders as a whole.

The proposed terms and conditions under the MOU are subject to execution of a formal agreement between the parties. The Company will make further announcements on the partnership as appropriate pursuant to the GEM Listing Rules.

This announcement is for information purposes only. The Board would like to emphasize that the partnership contemplated under the MOU may or may not proceed, and that both parties have not entered into any legally binding agreement on the partnership contemplated under the MOU as at the date of this announcement. As the partnership may or may not proceed, shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
China Hongguang Holdings Limited
LIN Weishan
Chairwoman and Executive Director

Hong Kong, 27 September 2022

As at the date of this announcement, the Executive Directors are Mr. WEI Jiakun, Ms. LIN Weishan, Mr. CHEN Biming and Ms. LI Wanna; and the Independent Non-Executive Directors are Ms. CHEN Xiuyan, Mr. JIA Xiaogang and Mr. WU Yong.

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 announcement 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 in this announcement misleading.*

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting. This announcement will also be published on the website of the Company at www.hongguang.hk.

* For identification purposes only