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**COSLIGHT TECHNOLOGY INTERNATIONAL GROUP LIMITED**

**光宇國際集團科技有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1043)**

**MAJOR AND CONNECTED TRANSACTIONS  
RELATING TO DISPOSAL OF  
CONTROLLING INTERESTS IN A SUBSIDIARY  
AND  
PROVISION OF FINANCIAL ASSISTANCE  
UNDER THE CORPORATE GUARANTEE**

**THE AGREEMENT**

The Board announces that on 4 July 2017, the Transferor (an indirect non wholly-owned subsidiary of the Company), the Company (as guarantor to the Transferor), Beijing Yi Kehui and the Target Management entered into the Agreement pursuant to which the Transferor conditionally agreed to sell and Beijing Yi Kehui conditionally agreed to acquire 57.83% equity interests in the Target through the Transferees (comprising Beijing Yi Kehui and three funds managed by Beijing Yi Kehui) at the consideration of RMB726,240,000. Upon completion of the Disposal, the Target will cease to be a subsidiary of the Company and be owned as to 57.83% by the Transferees and 42.17% by the Transferor.

Pursuant to the Agreement, within 10 Business Days from the date of completion of the Disposal, the Target Management agreed to inject an aggregate of RMB300,000,000 to the Target in consideration for 30.82% equity interests in the Target. Upon completion of the Capital Injection, the Target will then be owned as to 40.01% by the Transferees, 30.82% by the Target Management and 29.17% by the Transferor.

\* *For identification purpose only*

As at the date of this announcement, the Group has provided the Corporate Guarantee in respect of the borrowings by the Target up to a maximum principal amount of RMB728,910,100, and will continue such Corporate Guarantee after completion of the Disposal until the maturities of all of the borrowings pursuant to the Agreement.

## **LISTING RULES IMPLICATION**

As the applicable percentage ratios for the transactions contemplated under the Agreement are more than 25% and less than 75%, the transactions contemplated under the Agreement constitute major transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

The continued provision of the Corporate Guarantee in respect of the borrowings of the Target will become a major transaction on the part of the Company after the completion of the Disposal, as the applicable percentage ratios of the amount of the financial assistance exceed 25% and are subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As Mr. Xu Yanming is the Chairman, the General Manager and the Legal Representative of the Target (an indirect non wholly-owned subsidiary of the Company as at the date of this announcement), Mr. Xu Yanming is a connected person of the Company at the subsidiary level and the transactions contemplated under the Agreement constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Agreement and the transactions contemplated under the Agreement and the independent non-executive Directors have confirmed that the terms of the Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, given that Mr. Xu Yanming is a connected person at the subsidiary level only, the transactions contemplated under the Agreement are exempt from the independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their associates have any material interest in the Agreement, the Disposal and the continued provision of the Corporate Guarantee, thus no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Agreement, the Disposal and the continued provision of the Corporate Guarantee. The Company will obtain a written Shareholders' approval from Mr. Song Dian Quan, the controlling shareholder holding approximately 66.5% of the total issued Shares as at the date of this announcement, in lieu of holding a special general meeting to approve the Agreement, the Disposal and the continued provision of the Corporate Guarantee in accordance with Rule 14.44 of the Listing Rules.

A circular containing, amongst other matters, further details of the Disposal and the continued provision of the Corporate Guarantee, other general information of the Company will be despatched to the Shareholders for information purpose on or before 25 July 2017 and in compliance with the Listing Rules.

## **THE AGREEMENT**

### **Disposal**

### ***Date***

4 July 2017 (after trading hours)

### ***Parties***

1. Harbin Coslight, a joint stock limited company established in the PRC, is principally engaged in the manufacture and sales of lithium-ion batteries and sealed lead acid batteries and its accessories. It is an indirect non wholly-owned subsidiary of the Company (89.62% of its shareholding is owned by the Group), as the Transferor;
2. the Company, as the guarantor to the Transferor;
3. Beijing Yi Kehui, a company established in the PRC, is principally engaged in investment management, asset management and project investment and is the manager of the Transferees; and

4. Target Management, comprising Mr. Xu Yanming and the senior management of the Target designated by Mr. Xu Yanming, Mr. Xu Yanming is the Chairman, the Legal Representative and the General Manager of the Target as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Beijing Yi Kehui, the Transferees together with their respective ultimate beneficial owner(s) are Independent Third Parties.

***Asset to be disposed of***

The Sale Interests, representing 57.83% of the equity interests of the Target.

***Consideration and Payment Terms***

The consideration for the Disposal of RMB726,240,000 shall be payable to the Transferor by the Transferees in cash in accordance with the following schedule:

- (i) RMB72,624,000 shall be payable to the Transferor as of date of the Agreement;
- (ii) RMB72,624,000 shall be payable within 20 Business Days from the date of the Agreement;
- (iii) RMB435,744,000 shall be payable on the date when the Transferor submits the application for business registration and filing after the conditions precedents have been fulfilled; and
- (iv) RMB145,248,000 shall be payable within 10 Business Days from the date when the business registration and filing are completed and the Sale Interests are transferred to the names of the Transferees.

The consideration was determined after arm's length negotiation between the parties by reference to, inter alia, the registered capital of the Target of RMB471,000,000, the historical financial performance of the Target and the value of the Target of RMB1,255,800,000 as estimated by Beijing Yi Kehui during its due diligence process on the Target. The Directors are of the view that the consideration is fair and reasonable.

### ***Conditions precedent***

Completion of the Disposal is conditional upon, among other things, the fulfilment of the following conditions precedent:

- (i) the approval from the Shareholders approving the Agreement and the transactions contemplated thereunder as required by the Listing Rules;
- (ii) all necessary exemptions, consents, approvals, licenses, authorizations, permits, orders and waivers (if necessary) in respect of the Agreement and the transactions contemplated thereunder from the relevant government or regulatory authorities or other third parties, in particular, consents from bank and financial leasing companies;
- (iii) the members of the Target Management having entered into with the Target a service agreement of not less than five years from the date of completion of the Disposal;
- (iv) the warranties given by the Transferor in the Agreement remaining true, complete, and accurate at the date of the Agreement and up to and the date of completion of the Disposal;
- (v) the Target having entered into a license agreement with 哈爾濱光宇集團股份有限公司 Harbin Coslight Group Company Limited\*, so that the Target can continue to use the name “光宇” at nil consideration for a period of five years after the date of completion of the Disposal; and
- (vi) there has been no material adverse effect and no event, fact or matter has occurred or is likely to occur which may give rise to a material adverse effect on the Target.

In the event that any of the conditions referred to above is not fulfilled within 45 Business Days after the date of the Agreement (or such later date as agreed by the parties in writing), Beijing Yi Kehui shall be entitled to extend the long stop date or immediately terminate the Agreement.

### ***Completion***

Within five Business Days upon the fulfilment of the above conditions precedents, the Transferor shall submit the application for business registration and filing for the transfer of title of the Sale Interests to the Transferees with the relevant PRC government authority, and completion of the Disposal shall deem to take place on the date when the title of the Sale Interests is registered in the name of the Transferees.

Upon completion of the Disposal, the Target will cease to be a subsidiary of the Company and be owned as to 57.83% by the Transferees and 42.17% by the Transferor.

### ***Capital Injection***

Pursuant to the Agreement, within 10 Business Days from the date of completion of the Disposal, the Target Management shall inject an aggregate of RMB300,000,000 to the Target in consideration for 30.82% equity interests in the Target.

Upon further completion of the Capital Injection, the Target will be owned as to 40.01% by the Transferees, 30.82% by the Target Management and 29.17% by the Transferor.

It is further agreed by the parties to the Agreement that upon completion of the Capital Injection, the parties shall use their reasonable endeavours to procure the Target to achieve a net profit of RMB80 million, RMB110 million and RMB130 million for each of the years ending 31 December 2017, 2018 and 2019, respectively or a net profit of not less than RMB330 million for the three years ending 31 December 2017, 2018 and 2019 on an aggregate basis.

## **Other terms**

### *Board and Management*

Upon completion of the Disposal and the Capital Injection, the board of directors of the Target shall consist of five directors, two of which shall be appointed by the Transferees, two of which shall be appointed by the Transferor and one of which shall be appointed by the Target Management. The chairman of the board of directors shall be nominated by the Transferees.

Mr. Xu Yanming shall remain to be the General Manager and the Legal Representative of the Target.

### *Property*

The Target has currently leased a property held by 珠海科斯特电源有限公司 Zhuhai Coslight Power Company Limited\*, a wholly-owned subsidiary of the Company), for production purpose and will continue the lease of the property after completion of the Disposal at the then prevailing market rent.

It is further agreed that the Transferees will assist the Target to obtain financing within a period of seven months from the date of the Agreement so as to acquire the property from 珠海科斯特电源有限公司 Zhuhai Coslight Power Company Limited\* at a consideration of not less than RMB215 million. Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules if the disposal of the property by the Group is materialized.

## **INFORMATION OF THE GROUP**

The principal activities of the Group are the research and development, manufacture and sales of rechargeable batteries and battery related accessories.

## **INFORMATION OF THE TARGET**

The Target is principally engaged in the manufacture and sales of lithium-polymer batteries. The registered capital of the Target as at the date of this announcement is RMB471,000,000.

Set out below is the unaudited financial information of the Target for the years ended 31 December 2016 and 2015, respectively:

	<b>Year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue	2,177,903	1,771,709
Net (loss)/profit before taxation	124,731	29,354
Net (loss)/profit after taxation	103,875	22,038
Net assets	628,901	569,973

## **FINANCIAL EFFECT OF THE DISPOSAL**

It is expected that the Group will record a book gain of approximately RMB362.54 million as a result of the Disposal which represents the difference between the consideration of RMB726.24 million and the attributable portion to the Sale Interests of the unaudited net asset value of the Target as at 31 December 2016 of approximately RMB363.69 million.

Upon completion of the Disposal, the Target will cease to be a subsidiary of the Company and the financial results of the Target will no longer be consolidated into the Group's financial statements.

Upon further completion of the Capital Injection, it is expected that the Group will record a further book gain of approximately RMB100.49 million as a result of the deemed disposal arising from the Capital Injection.

**Shareholders should note that the above figures are for illustrative purpose only. The actual gain on the Disposal and the subsequent deemed disposal may be different from the above and will be determined based on the financial position of the Target on the date of completion of Disposal and the subsequent deemed disposal and the review by the Group's auditors upon finalization of the consolidated financial statements of the Group.**



## USE OF PROCEEDS

The Company intended to use the net proceeds from the Disposal to further develop its core business of the manufacturing and sales of rechargeable batteries and battery related accessories and for general working capital purpose.

## PROVISION OF FINANCIAL ASSISTANCE UNDER THE CORPORATE GUARANTEE

Pursuant to the Agreement, the Group agreed to continue to provide the Corporate Guarantee after the completion of the Disposal so as to ensure the stability of the operation of the Target. As at the date of this announcement, the Group has provided the Corporate Guarantee in respect of the borrowings by the Target up to a maximum principal amount of RMB728,910,100 with details as follows:

Banks/Financial Leasing Companies	Principal Amount (RMB)	Maturity Date	Interest Rate
COSCO Shipping Leasing Co., Ltd	41,125,000	22/9/2018	Benchmark interest rate +47%
COSCO Shipping Leasing Co., Ltd	21,310,600	28/12/2019	Benchmark interest rate +35%
COSCO Shipping Leasing Co., Ltd	35,000,000	23/1/2020	Benchmark interest rate +47%
COSCO Shipping Leasing Co., Ltd	100,014,240	7/5/2020	Benchmark interest rate +33%
Heng Qin Jin Tou International Financial Leasing Co., Ltd.	90,000,000	28/9/2018	Benchmark interest rate +47%
Heng Qin Jin Tou International Financial Leasing Co., Ltd	42,310,500	28/3/2019	Benchmark interest rate +42%
Heng Qin Jin Tou International Financial Leasing Co., Ltd	40,000,000	13/5/2019	Benchmark interest rate +60%
FY Financial (Shenzhen) Co., Ltd	59,000,000	15/9/2018	Benchmark interest rate +43%
FY Financial (Shenzhen) Co., Ltd	50,212,000	15/11/2018	Benchmark interest rate +43%
FY Financial (Shenzhen) Co., Ltd	8,788,000	15/12/2018	Benchmark interest rate +43%
FY Financial (Shenzhen) Co., Ltd	13,980,000	20/2/2019	Benchmark interest rate +43%

<b>Banks/Financial Leasing Companies</b>	<b>Principal Amount (RMB)</b>	<b>Maturity Date</b>	<b>Interest Rate</b>
FY Financial (Shenzhen) Co., Ltd	31,768,400	30/7/2019	Benchmark interest rate +42%
Haier Financial Leasing Co., Ltd	59,000,000	17/5/2018	Benchmark interest rate +46%
Heng Xin Financial Leasing Co., Ltd.	55,554,400	24/5/2018	Benchmark interest rate +50%
China Huarong Financial Leasing Co., Ltd.	58,401,040	15/3/2018	Benchmark interest rate +50%
China Huarong Financial Leasing Co., Ltd.	22,445,920	15/9/2018	Benchmark interest rate +50%
<b>Total</b>	<b>728,910,100</b>		

The above loans remain outstanding as at the date of this announcement.

## **REASONS FOR AND BENEFIT OF THE AGREEMENT AND THE CONTINUED PROVISION OF THE FINANCIAL ASSISTANCE**

The Board is of the view that it is in the interests of the Company and its Shareholder as a whole to realize the value of part of its shareholding in the Target so as to reduce the financial pressure arising from the need for substantial capital investment for the Target's operation, and also to increase the cash resources of the Group for the further development and expansion of its core business.

As the Target will continue to utilise the loan facilities and/or financial leasing arrangements in order to carry on its business operation, the continued provision of the Corporate Guarantee is for the purpose of assisting the Target to maintain such facilities and/or financial leasing arrangements from various banks and the financial leasing companies before the provision of new financial guarantees by the new shareholders of the Target so as to avoid any unnecessary disruption to the business of the Target, which the Group will still retain 29.17% equity interest. In addition, the Corporate Guarantee being provided is on normal commercial terms.

The Directors consider that the terms of the Agreement (including the continued provision of the Corporate Guarantee) are fair and reasonable and are on normal commercial terms, and the Disposal is in the interests of the Company and its Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Group has not engaged in any previous transactions which were related to the transactions contemplated under the Agreement or with the parties to the Agreement in the past 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

As the applicable percentage ratios for the transactions contemplated under the Agreement are more than 25% and less than 75%, the transactions contemplated under the Agreement constitute major transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

The continued provision of the Corporate Guarantee in respect of the borrowings of the Target will become a major transaction on the part of the Company after the completion of the Disposal, as the applicable percentage ratios of the amount of the financial assistance exceed 25% and are subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As Mr. Xu Yanming is the Chairman, the General Manager and the Legal Representative of the Target (an indirect wholly-owned subsidiary of the Company as at the date of this announcement), Mr. Xu Yanming is a connected person of the Company at subsidiary level and the transactions contemplated under the Agreement constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

No Director has material interest in the transactions contemplated under the Agreement, and as such, no Director has abstained from voting on the Board resolution to approve the Agreement and the transactions contemplated under the Agreement. As the Board has approved the Agreement and the transactions contemplated under the Agreement and the independent non-executive Directors have confirmed that the terms of the Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, given that Mr. Xu Yanming is a connected person at the subsidiary level only, the transactions contemplated under the Agreement are exempt from the independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their associates have any material interest in the Agreement, the Disposal and the continued provision of the Corporate Guarantee, thus no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Agreement, the Disposal and the continued provision of the Corporate Guarantee. The Company will obtain a written shareholders' approval from Mr. Song Dian Quan, the controlling shareholder holding approximately 66.5% of the total issued shares of the Company as at the date of this announcement, in lieu of holding a special general meeting to approve the Agreement, the Disposal and the continued provision of the Corporate Guarantee in accordance with Rule 14.44 of the Listing Rules

A circular containing, amongst other matters, further details of the Disposal and the continued provision of the Corporate Guarantee, other general information of the Company will be despatched to the Shareholders for information purpose on or before 25 July 2017 and in compliance with the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“Agreement”	the sale and purchase agreement dated 4 July 2017 entered into between the Transferor (a wholly-owned subsidiary of the Company), the Company (as guarantor to the Transferor), Beijing Yi Kehui and the Target Management in relation to, inter alia, the Disposal
“Beijing Yi Kehui”	北京易科匯投資管理有限公司 Beijing Yi Kehui Investment and Management Company Limited*, a company established in the PRC with limited liability and an Independent Third Party
“Board”	the board of Directors

“Business Day(s)”	any day (excluding a Saturday, Sunday and public holiday) on which banks both in the PRC are generally open for business throughout their normal business hours
“Capital Injection”	the injection of RMB300,000,000 to the Target by the Target Management
“Company”	Coslight Technology International Group Company Limited (光宇國際集團科技有限公司*), a limited company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Corporate Guarantee”	the various corporate guarantees provided by the Group in favour of the Target to certain banks and the financial leasing companies as disclosed in this announcement in respect of the borrowings of the Target up to a maximum principal amount of RMB728,910,100
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of Sale Interests pursuant to the terms of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its connected persons

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of PRC
“Sale Interests”	the 57.83% equity interests of the Target to be disposed of by the Transferor to the Transferees
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	珠海光宇電池有限公司 Zhuhai Coslight Battery Company Limited*, a wholly foreign-owned enterprise established in the PRC with limited liability and a company directly wholly owned by the Transferor and an indirect non wholly-owned subsidiary of the Company as at the date of this announcement and will be owned as to 40.01% by the Transferees, 30.82% by the Target Management and 29.17% by the Transferor upon completion of the Disposal and the Capital Injection
“Target Management”	Mr. Xu Yanming and other senior management as designated by Mr. Xu Yanming, being the senior management of the Target

“Transferees”	collectively, Beijing Yi Kehui and the three funds a managed by Beijing Yi Kehui, namely 廈門易科匯華信1號股權投資基金合夥企業(有限合夥) Xiamen Yi Kehui Hua Xin No. 1 Equity Investment Partnership (Limited Partnership)*, 廈門易科匯華信2號股權投資基金合夥企業(有限合夥) Xiamen Yi Kehui Hua Xin No. 2 Equity Investment Partnership (Limited Partnership)*, 廈門易科匯華信3號股權投資基金合夥企業(有限合夥) Xiamen Yi Kehui Hua Xin No. 3 Equity Investment Partnership (Limited Partnership)*, being the transferees under the Agreement
“Transferor” or “Harbin Coslight”	哈爾濱光宇電源股份有限公司 Harbin Coslight Power Company Limited*, a joint stock limited company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“%”	per cent

By Order of the Board  
**Coslight Technology International Group Limited**  
**SONG Dian Quan**  
*Chairman*

Hong Kong, 4 July 2017

*As at the date of this announcement, the Executive Directors of the Company are Mr. SONG Dian Quan, Ms. LUO Ming Hua, Mr. LI Ke Xue, Mr. XING Kai, Mr. ZHANG Li Ming and Mr. LIU Xing Quan; and the Independent Non-executive Directors are Mr. LI Zeng Lin, Dr. YIN Ge Ping and Mr. XIAO Jian Min.*

\* For identification purpose only