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## **HONGGUANG LIGHTING HOLDINGS COMPANY LIMITED**

**宏 光 照 明 控 股 有 限 公 司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6908)**

**(1) DISCLOSEABLE TRANSACTION**  
**PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE**  
**CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF**  
**CONSIDERATION SHARES UNDER GENERAL MANDATE**  
**AND**  
**(2) RESUMPTION OF TRADING**

### **THE PROPOSED ACQUISITION**

The Board is pleased to announce that on 24 February 2021 (after trading hours), the Purchaser (as the purchaser), the Vendors and the Vendors' Guarantors entered into the Sale and Purchase Agreement, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Sale Shares at a total consideration of HK\$76,800,000. The Consideration shall be satisfied by the allotment and issue by the Company of 56,000,000 and 24,000,000 Consideration Shares to Vendor A and Vendor B or their nominees respectively at the issue price of HK\$0.96 per Consideration Share under the General Mandate, credited as fully paid. The Vendors' Guarantors have agreed to guarantee the due and punctual performance of the Vendors' obligations under the Sale and Purchase Agreement.

The Consideration Shares will be issued pursuant to the General Mandate. The Consideration Shares represent 20.0% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will not be any other issue or repurchase of Shares prior to the Completion).

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company.

### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company which is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on Thursday, 25 February 2021 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Friday, 26 February 2021.

**Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment (or waiver, if applicable) of the Conditions Precedent, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

### **INTRODUCTION**

The Board is pleased to announce that on 24 February 2021 (after trading hours), the Purchaser (as the purchaser), the Vendors and the Vendors' Guarantors entered into the Sale and Purchase Agreement, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Sale Shares at a total consideration of HK\$76,800,000. The Consideration shall be satisfied by the allotment and issue by the Company of 56,000,000 and 24,000,000 Consideration Shares to Vendor A and Vendor B or their nominees respectively at the issue price of HK\$0.96 per Consideration Share under the General Mandate, credited as fully paid. The Vendors' Guarantors have agreed to guarantee the due and punctual performance of the Vendors' obligations under the Sale and Purchase Agreement.

### **SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are set out as follows:

**Date:** 24 February 2021 (after trading hours)

- Parties:**
- (i) Vendor A, an exempted limited partnership which was registered in the Cayman Islands with GoldenSand Capital Ltd (a company incorporated in the Cayman Islands with limited liability which is wholly owned by Vendor A Guarantor and being the general partner of Vendor A) and Vendor A Guarantor (being the limited partner of Vendor A) holding 50% and 50% of the total capital contribution to Vendor A respectively. Vendor A is principally engaged in investment holding. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Vendor A and its ultimate beneficial owner are Independent Third Parties;
  - (ii) Vendor B, a company incorporated in the BVI with limited liability the entire issued share capital of which is owned by Vendor B Guarantor. Vendor B is principally engaged in investment holding. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Vendor B and its ultimate beneficial owner are Independent Third Parties;
  - (iii) Vendor A Guarantor, a fast charging systems researcher. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Vendor A Guarantor is an Independent Third Party;
  - (iv) Vendor B Guarantor, a merchant. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Vendor B Guarantor is an Independent Third Party; and
  - (v) the Purchaser.

### **Assets to be acquired**

The Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Shares (representing the entire issued share capital of the Target Company) directly held by the Vendors, subject to the terms and conditions of the Sale and Purchase Agreement.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company.

## **Consideration**

The Consideration payable by the Purchaser under the Sale and Purchase Agreement is HK\$76,800,000, which shall be satisfied by the allotment and issue by the Company of 56,000,000 and 24,000,000 Consideration Shares to Vendor A and Vendor B or their nominees respectively at the issue price of HK\$0.96 per Consideration Share under the General Mandate, credited as fully paid.

The Consideration was determined after arm's length negotiations between the Parties on normal commercial terms, having taken into account the valuation prepared by the Valuer on the Target Group of HK\$96,000,000 as at the Valuation Date and the reasons for and benefits of the Acquisition as set out in the paragraph headed "Reasons for and Benefits of the Acquisition" below.

## **Conditions Precedent**

Completion under the Sale and Purchase Agreement is subject to, *inter alia*, the following Conditions Precedent being satisfied or waived (if applicable):

- (a) Vendor A being the sole legal and beneficial owner of the Sale Shares A as at the Completion Date, and Sale Shares A not being accompanied by any encumbrances;
- (b) Vendor B being the sole legal and beneficial owner of the Sale Shares B as at the Completion Date, and Sale Shares B not being accompanied by any encumbrances;
- (c) the Parties and each Group Company having obtained all authorisations, consents and approvals in relation to the transactions contemplated in the Sale and Purchase Agreement;
- (d) no event having occurred since the date of the Sale and Purchase Agreement to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Group;
- (e) all warranties in the Sale and Purchase Agreement being true, accurate and non-misleading in all respects;
- (f) completion of the accounting and legal due diligence investigation conducted by the Purchaser relating to the Target Group and the results being satisfactory to the Purchaser in its sole discretion;
- (g) completion of the valuation of the Target Group and the valuation results being satisfactory to the Purchaser in its sole discretion;

- (h) the Vendors having executed a tax indemnity related to the Target Group in favour of the Purchaser for a term of seven (7) years from the Completion Date in the form and substance to the satisfaction of the Purchaser in its sole and absolute discretion; and
- (i) the Listing Committee of the Stock Exchange granting approval of the issue of the Consideration Shares and the listing of, and permission to deal in the Consideration Shares either unconditionally or subject to conditions to which the Purchaser may accept.

The Parties shall use their best endeavour to fulfill all Conditions Precedent. If any of the above conditions have not been fulfilled or waived by the Purchaser (other than conditions (c) and (i) which may not be waived) within three months from the date of the Sale and Purchase Agreement (or such other date as the Parties may agree), the Purchaser shall not be bound to proceed with the purchase of the Sale Shares and the provisions of the Sale and Purchase Agreement shall from such date have no effect and no party shall have any liability under them (without prejudice to the rights of any of the Parties in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement).

### **Completion**

Completion shall take place on the third business day after the fulfilment (or waiver, if applicable) of all the Conditions Precedent or such other date as the Vendors and the Purchaser may agree in writing.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company, and the financial results of the Target Group will be consolidated in the Group's financial statements.

### **Consideration Shares**

Upon Completion, 56,000,000 and 24,000,000 Consideration Shares will be issued by the Company to Vendor A and Vendor B or their nominees respectively at the issue price of HK\$0.96 per Consideration Share, credited as fully paid.

The Consideration Shares comprise a total of 80,000,000 Shares, which will be issued pursuant to the General Mandate. The Consideration Shares represent 20.0% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will not be any other issue or repurchase of Shares prior to the Completion).

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. The Consideration Shares, when allotted and issued, shall be credited as fully paid and at all times rank *pari passu* among themselves and with the Shares in issue as at the date of issue of the Consideration Shares, except that they shall not be entitled to receive any dividend, distribution or entitlement declared, paid or made by reference to a record date prior to the date of allotment and issue of the Consideration Shares (as the case may be).

The maximum number of Shares that can be issued under the General Mandate is 80,000,000 Shares. As at the date of this announcement, no Share has been issued under the General Mandate and the General Mandate has not been utilised. Accordingly, the General Mandate is sufficient for the issue of the Consideration Shares and the issue of the Consideration Shares is not subject to the Shareholders' approval.

The issue price of HK\$0.96 per Consideration Share was determined after arm's length negotiation between the parties to the Sale and Purchase Agreement with reference to, among other things, the recent trading prices of the Shares, which represents:

- (i) a discount of approximately 11.1% to the closing price of HK\$1.08 per Share as quoted on the Stock Exchange on 24 February 2021, being the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 4.3% to the average closing price of HK\$0.92 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the last trading date prior to the date of the Sale and Purchase Agreement; and
- (iii) a premium of approximately 7.9% over the average closing price of approximately HK\$0.89 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the last trading date prior to the date of the Sale and Purchase Agreement.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming there will not be any other issue or repurchase of Shares prior to the Completion) are set out as follows:

Shareholders	As at the date of this announcement		Immediately upon Completion (assuming there will not be any other issue or repurchase of Shares prior to the Completion)	
	<i>No. of Shares</i>	<i>Approximate % of number of Shares in issue</i>	<i>No. of Shares</i>	<i>Approximate % of number of Shares in issue</i>
First Global Limited, Star Eagle Enterprises Limited and Bigfair Enterprises Limited ( <i>note 1</i> )	300,000,000	75.0%	300,000,000	62.5%
Vendor A	—	—	56,000,000	11.7%
Vendor B	—	—	24,000,000	5.0%
Public Shareholders	<u>100,000,000</u>	<u>25.0%</u>	<u>100,000,000</u>	<u>20.8%</u>
Total	<u>400,000,000</u>	<u>100.0%</u>	<u>480,000,000</u>	<u>100.0%</u>

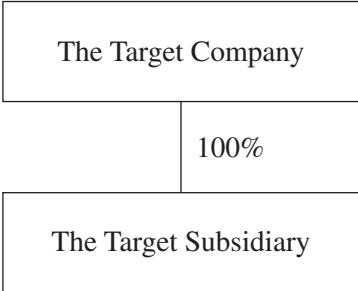
*Note:*

- The aggregate 300,000,000 Shares consist of (i) 100,500,000 Shares held by First Global Limited, a company wholly owned by Mr. Zhao Yi Wen; (ii) 100,500,000 Shares held by Star Eagle Enterprises Limited, a company wholly owned by Mr. Lin Qi Jian; and (iii) 99,000,000 Shares held by Bigfair Enterprises Limited, a company wholly owned by Mr. Chiu Kwai San. On 8 June 2016, Mr. Lin Qi Jian, Mr. Zhao Yi Wen and Mr. Chiu Kwai San entered into the concert parties confirmatory deed to acknowledge and confirm, among other things, that they are parties acting in concert with each other, and therefore First Global Limited, Star Eagle Enterprises Limited and Bigfair Enterprises Limited are deemed to be interested in the 300,000,000 Shares together under the SFO.

**INFORMATION OF THE TARGET GROUP**

The Target Company is a company incorporated in the BVI on 23 February 2018 with limited liability. The Target Company has no substantial operation since incorporation except holding the Target Subsidiary. The Target Group is principally engaged in the research and development of fast charging solutions for battery system. The Target Group has made three applications for registration of patents in the PRC in relation to fast charging battery system, charging conversion system and charging module for charging stations, and fast charging equipment adaptable to charging stations for electric vehicles. By leveraging on the technical know-how developed by the expertise of the Target Group, the Target Group entered into the five-year sales contract with a total contract sum of not more than approximately RMB1.5 billion with an Independent Third Party pursuant to which the Target Group shall sell, and the Independent Third Party shall purchase or the Independent Third Party shall form joint ventures with local government authorities of the PRC to purchase a total quantity of approximately 0.47 million of fast charging products in the PRC in the coming five years. As at the date of this announcement, the Target Group has yet to commence commercialisation of relevant products.

The shareholding structure of the Target Group is as follows:





For the purpose of this announcement, set out below is a summary of financial information of the Target Company for the period from the date of incorporation of the Target Company to 31 December 2018, and the two years ended 31 December 2020:

	<b>From the date of incorporation of the Target Company to 31 December 2018</b>	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>
	(unaudited)	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss before and after taxation	6.2	5.1	4.9

The unaudited consolidated net asset value of the Target Company as at 31 December 2020 was approximately RMB64,000. The Target Subsidiary was a recently incorporated company without assets or liabilities.

## **PROFIT FORECAST UNDER THE VALUATION REPORT**

According to the Valuation Report, in preparing the valuation of the Target Group, the Valuer applied the discounted cash flow method under the income approach based on certain assumptions to appraise the value of the Target Group, which constitutes a profit forecast under Rule 14.61 of the Listing Rules and the requirements of Rule 14.60A and 14.62 of the Listing Rules are therefore applicable.

### **Major assumptions**

The following are the principal assumptions, including commercial assumptions, upon which the Valuation Report is based:

- the information provided and the representations made by the Management with regard to the Target Group's financial and business affairs are accurate and reliable;
- as advised by the Management, as at the Valuation Date, there is no other executed long-term contracts entered into by the Target Group, as a prudent measure, it is thus assumed that the Target Group will have no further business operation after the expiry of the sales contract in year 2025;
- the Target Group has sufficient liquidity and capability to achieve the business development;

- the Target Group has obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry with de minimis expenses;
- there will be sufficient supply of technical staff in the industry in which the Target Group operates or intends to operate, and the Target Group will retain competent management, key personnel and technical staff to support their ongoing operations and developments;
- there will be no major changes in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- there will be no major changes in the political, legal, economic or market conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group;
- there will be no material changes in the relevant interest rates and exchange rates that would impact the Target Group's business; and
- there are no other assets or liabilities except the sales contract, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of the Target Group as of the Valuation Date.

### **Confirmation**

BDO Limited, the reporting accountant of the Company, has reviewed the arithmetical accuracy of the calculations of the discounted future cash flows underlying the Valuation, which do not involve the adoption of accounting policies. The Directors confirm that the Valuation, which constitute a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry. A report from BDO Limited and a letter from the Board have been submitted to the Stock Exchange, and are included in Appendix I and II to this announcement pursuant to Rules 14.60A and 14.62 of the Listing Rules.

## **Experts and consents**

The following are the qualifications of the experts who have given their opinion and advice included in this announcement.

<b>Name</b>	<b>Qualification</b>
Ravia Global Appraisal Advisory Limited	Professional valuer
BDO Limited	Certified Public Accountants

As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of Ravia Global Appraisal Advisory Limited and BDO Limited does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group. As such, Ravia Global Appraisal Advisory Limited and BDO Limited are Independent Third Parties.

Each of Ravia Global Appraisal Advisory Limited and BDO Limited has given and has not withdrawn its consent to the publication of this announcement with inclusion of its letter or opinion and all reference to its name in the form and context in which it appears.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is incorporated in the Cayman Islands with limited liability and is an investment holding company. The Group is principally engaged in the design, development, manufacturing, subcontracting service and sales of LED beads and LED lighting products in the PRC.

As disclosed in the annual report of the Company for the year ended 31 December 2019, the industry outlooks and prospects have become highly challenging and uncertain for the Company following the outbreak of the novel coronavirus (COVID-19) epidemic. In particular, the Group and its customers are likely to be adversely impacted by the sluggish consumer electronics market conditions and the delay of product launches by downstream consumer electronics companies. The Company is monitoring the market situation and strives to mitigate any adverse impact it may face to the best of its ability. As a strategy to mitigate the adverse impact of the outbreak of the novel coronavirus (COVID-19) epidemic, the Group is exploring other potential investment opportunities which can increase Shareholders' values.

According to the information which was published by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), in 2020 the number of electric bicycles which were manufactured in the PRC amounted to approximately 29.66 million, representing an increase of approximately 29.7% compared to 2019. Electric bicycles are commonly used in the PRC as a means to short to medium distance travelling and it is widely used in food delivery industry by riders. It is noted that the COVID-19 pandemic has necessitated the food delivery for restaurants, therefore further increased the demand for food delivery riders. Given the increasing demand and cultural climate, it is expected that there is substantial potential for the electric bicycles industry in the PRC.

On 15 May 2018, the State Administration for Market Regulation (國家市場監督管理總局) and the Standardisation Administration (國家標準化管理委員會) of the PRC promulgated the safety technical specification for electric bicycle (電動自行車安全技術規範) which became effective from 15 April 2019 pursuant to which the PRC government imposed more stringent requirements on the safety technical specification for electric bicycles and it is expected that there will be increase in demand for electric bicycles and charging stations which are in compliance with such specification.

According to the information which was published by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), in 2020 the sales of electric bicycles in the PRC amounted to approximately RMB92.58 billion, representing an increase of approximately 22.9% compared to 2019.

The life cycle of battery systems of the electric bicycles for riders, being one of its most important components, is relatively short. It is estimated that the battery needs to be charged 2–3 times per day. Battery charging is time consuming and the income of the food delivery riders is dependent on the battery charging speed. Fast charging battery solution can largely reduce the time required for charging and in turn raise the efficiency and income of food delivery riders. It is expected that fast charging battery solution will be a preferred choice by the fast growing food delivery industry in the PRC and there will be steady growing demand for electric bicycle battery systems in the PRC.

The Group has been developing optical electronic products which applies in consumer electronics products including mobile phones, electric vehicle panels and other smart electronic home appliances. The management believes that in order to enhance the popularity of smart devices and environmentally friendly electric vehicles, fast charging battery solution can be one of the key technologies to facilitate the trend. The development of fast charging battery solution will also create synergy with the Group's existing products and allow cross-selling in these electronic components in smart devices.

In view of the above, the Board is optimistic about the market potential for electric bicycles battery systems and related fast charging solution and the acquisition of the Target Group will serve as extension of the Group's business to mitigate the adverse impact of the outbreak of the novel coronavirus (COVID-19) epidemic on the current business of the Group while bringing in potential investment opportunities which can increase Shareholders' values. Furthermore, as the Consideration is satisfied through the issue of the Consideration Shares, it will not impose immediate cash-flow burden to the Group.

Therefore, the Directors are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and that the Sale and Purchase Agreement is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company which is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on Thursday, 25 February 2021 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Friday, 26 February 2021.

**Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment (or waiver, if applicable) of the Conditions Precedent, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

### **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors

“Business Day(s)”	a day (other than a Saturday, a Sunday and a public holiday) on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“Company” or “Purchaser”	HongGuang Lighting Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition contemplated under the Sale and Purchase Agreement
“Completion Date”	the third (3rd) Business Day after the date upon which the last of the Conditions Precedent shall have been satisfied (or such other date as the Vendors and the Purchaser may agree in writing), being the date on which Completion takes place
“Conditions Precedent”	the conditions precedent to the completion of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“connected transaction”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the aggregate consideration of HK\$76,800,000 for the Acquisition
“Consideration Shares”	80,000,000 new Shares to be allotted and issued, credited as fully paid, by the Company to the Vendors (or their nominees) upon Completion
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Board by the Shareholders to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the annual general meeting of the Company held on 15 May 2020
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party (ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management”	collectively, the management of the Company, the management of the Target Group and/or their representative(s)
“Parties”	the parties to the Sale and Purchase Agreement
“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendors, the Vendors’ Guarantors and the Purchaser on 24 February 2021 in relation to the Acquisition
“Sale Shares A”	700 shares of the Target Company representing 70% of the entire issued share capital of the Target Company held by Vendor A
“Sale Shares B”	300 shares of the Target Company representing 30% of the entire issued share capital of the Target Company held by Vendor B
“Sale Shares”	collectively, the Sale Shares A and Sale Shares B
“SFO”	the Securities and Futures Ordinance

“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	GSR GO Holding Corporation, a company incorporated in the BVI with limited liability, which is held as to 70% by Vendor A and 30% by Vendor B before Completion
“Target Group”	the Target Company together with its subsidiaries
“Target Subsidiary”	Fast Charging Limited, a company incorporated in Hong Kong with limited liability which is wholly owned by the Target Company
“Valuation Date”	11 February 2021
“Valuation Report”	the valuation report dated 25 February 2021 issued by the Valuer regarding the valuation of 100% equity interest of the Target Group as at the Valuation Date
“Valuer”	Ravia Global Appraisal Advisory Limited, a professional independent valuer
“Vendor A”	GSR Capital Special Opportunity Fund L.P., an exempted limited partnership which was registered in the Cayman Islands
“Vendor A Guarantor”	Sonny Wu, the sole shareholder of GoldenSand Capital Ltd (the general partner of Vendor A) and the limited partner of Vendor A
“Vendor B”	Great Ocean Prime Holding Limited, a company incorporated in the BVI with limited liability
“Vendor B Guarantor”	Liou Jr-Liang, the sole shareholder of Vendor B
“Vendors”	collectively, Vendor A and Vendor B



“Vendors’ Guarantors” collectively, Vendor A Guarantor and Vendor B Guarantor

“%” per cent.

By order of the Board  
**HongGuang Lighting Holdings Company Limited**  
**Zhao Yi Wen**  
*Chairman and Executive Director*

Hong Kong, 25 February 2021

*As at the date of this announcement, the executive Directors are Mr. Zhao Yi Wen, Mr. Lin Qi Jian and Mr. Chan Wing Kin; the non-executive Director is Mr. Chiu Kwai San; and the independent non-executive Directors are Professor Chow Wai Shing, Tommy, Mr. Wu Wing Kuen, B.B.S. and Mr. Chan Chung Kik, Lewis.*

*If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.*

## **APPENDIX I — LETTER FROM THE COMPANY’S REPORTING ACCOUNTANT**

The following is the text of the report received from BDO Limited, Certified Public Accountants, the reporting accountant of the Company relating to the discounted future cash flows in respect of the Valuation for the purpose of inclusion in this announcement.

### **INDEPENDENT ASSURANCE REPORT ON THE ARITHMETICAL ACCURACY OF THE CALCULATIONS OF THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF TARGET GROUP**

To the Board of Directors of HongGuang Lighting Holdings Company Limited

We refer to the discounted future cash flows on which the valuation (“Valuation”) dated 25 February 2021 prepared by Ravia Global Appraisal Advisory Limited with respect to the valuation of the fair value of 100% equity interest in GSR GO Holding Corporation (the “Target Company”) and its subsidiary (collectively referred to as the “Target Group”) as at 11 February 2021 is based. The Valuation is prepared based in part on discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)

#### **Directors’ Responsibility for the Discounted Future Cash Flows**

The directors of HongGuang Lighting Holdings Company Limited (the “Directors”) are solely responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors and set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

#### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements”, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants’ Responsibility**

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation.

We conducted our work in accordance with the terms of our engagement and Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations is concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions as set out in the Valuation. We performed procedures on the arithmetical accuracy and compilation of the discounted future cash flows in accordance with the bases and assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

### **Opinion**

In our opinion, so far as the arithmetical accuracy of the calculations is concerned, the discounted future cash flows have been properly compiled in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

### **Other Matters**

Without modifying our opinion, we draw your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Group or an expression of an audit or review opinion on the Valuation.

The preparation of the discounted future estimated cash flows on which the Valuation is based does not involve the adoption of accounting policies. The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of

reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other party in respect of, arising out of or in connection with our work.

Yours faithfully

**BDO Limited**

*Certified Public Accountants*

Hong Kong, 25 February 2021

## APPENDIX II — LETTER FROM THE BOARD

25 February 2021

Listing Division  
The Stock Exchange of Hong Kong Limited  
12/F, Two Exchange Square,  
8 Connaught Place, Central,  
Hong Kong

Dear Sirs,

**Re: Discloseable transaction proposed acquisition of the entire issued share capital of the Target Company involving issue of Consideration Shares under general mandate**

We refer to the announcement of the Company dated 25 February 2021 of which this letter forms part (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We, the board of directors (the “**Board**”) of HongGuang Lighting Holdings Company Limited, note that BDO Limited, Certified Public Accountants, the Company’s auditor, has examined the arithmetical accuracy of the calculations of the discounted cash flow forecast, which do not involve the adoption of accounting policies, in the valuation report dated 25 February 2021 issued by Ravia Global Appraisal Advisory Limited (the “**Valuer**”) regarding the valuation as at 11 February 2021 (the “**Valuation**”) of the 100% equity interest in GSR GO Holding Corporation. Pursuant to Rule 14.61 of the Listing Rules, the Valuation constitutes a profit forecast (the “**Underlying Forecast**”).

We have discussed with the Valuer about different aspects including the bases and assumptions in the Valuation based upon which the Underlying Forecast has been prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the letter dated 25 February 2021 issued by BDO Limited, Certified Public Accountants and addressed to the Board of Directors that the Underlying Forecast, so far as the arithmetical accuracy of the calculations of the discounted cash flow forecast is concerned, has been properly compiled in all material respects in accordance with the bases and assumptions approved by the Directors.

We hereby confirm that, the Underlying Forecast, pursuant to the Valuation report, has been made after due and careful enquiry of the Board.

The purpose of this letter is solely for the strict compliance with Rule 14.62 of the Listing Rules. We, however, express no opinion in this letter on the actual results of the Underlying Forecast as the Underlying Forecast is based on hypothesis of future events.

Yours faithfully,  
For and on behalf of  
**HongGuang Lighting Holdings Company Limited**  
**Chan Wing Kin**  
*Executive Director*