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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)

VOLUNTARY ANNOUNCEMENT INVESTMENT IN VISIC TECHNOLOGIES LIMITED

This is an announcement made by HongGuang Lighting Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to keep shareholders and potential investors of the Company informed of the latest business development of the Group.

SHARE PURCHASE AGREEMENT

The board (the “**Board**”) of the directors (the “**Directors**”) of the Company is pleased to announce that FastSemi Holding Ltd., a wholly-owned subsidiary of the Company (the “**Subsidiary**”), has invested in VisIC Technologies Limited (the “**Target Company**”), one of the largest players in the third-generation semiconductor field of gallium nitride (“**GaN**”) devices.

Pursuant to the share purchase agreement, the Subsidiary agreed to subscribe for 1,749,961 shares of the Target Company, representing approximately 21.86% of the enlarged issued share capital of the Target Company, at the consideration of approximately US\$25 million (the “**Investment**”). Completion of the Investment successfully took place on 23 August 2021 in accordance with the terms of the share purchase agreement.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company organised under the laws of the State of Israel and principally engaged in developing GaN related products, including high-power transistors and modules. To the best knowledge of the Directors, the Target Company has in-depth knowledge in GaN technology and decades of GaN product experience and has applied for certain key patents in relation to the GaN technology. The Directors believe that the Target Company’s technology and products can be widely used in applications, such as electric energy conversion, fast charging products, and power devices.

GaN is often referred to as one of the representatives of the third-generation semiconductor materials. GaN performs a wider band gap, larger breakdown voltages, increased efficiency of power conversion, and greater thermal stability at high temperature, as compared to the previous generation semiconductor materials.

To the best of the Directors' knowledge, information and belief and having made reasonable enquiries, the third-generation semiconductor segment is likely to enter a rapid upturn owing to the high demand from automotive, industrial, and telecom applications. In particular, the yearly revenue from GaN Radio Frequency (“**RF**”) devices are projected to reach approximately US\$680 million in 2021, represented a year-over-year increase of approximately 30.8%, whereas GaN power device revenue is projected to reach approximately US\$61 million, represented a year-over-year increase of approximately 90.6%.

The remarkable revenue increase of GaN power device can primarily attributable to the release of GaN-based fast chargers from smartphone manufacturers. These chargers enjoyed excellent market reception due to their effective heat dissipation and small footprint. Some notebook and computer manufacturers are currently looking to adopt fast charging technology for their notebook chargers as well. Going forward, more smartphone and notebook chargers are expected to feature GaN power devices, leading to an expected year-over-year revenue increase of GaN power device in 2022. The GaN-based fast charging solution can also apply to other electronic products, such as electric bicycles and electric vehicles.

To the best of the Directors' knowledge, information and belief and having made reasonable enquiries, the Target Company and its ultimate beneficial owners are independent third parties of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)).

REASONS AND BENEFITS OF THE INVESTMENT IN THE TARGET COMPANY

The Group is engaged in the design, development, manufacturing, subcontracting service and sales of semiconductor products, including light-emitting diode (“**LED**”) beads, LED lighting products and fast charging products in the PRC. LED is a semiconductor light source that emits light when current flows through it.

The Group has been researching, developing and expanding its product category relevant to its existing products, in particular, the LED beads. The Group recognises the immense value of the research and development and has been dedicated efforts on the new generation LED technology, the Mini LED, which leverage on GaN substrate technology. In 2021, the Group has been developing its business by leveraging its industrial expertise on semiconductors manufacturing and has been expanding its business to various kinds of semiconductors, including GaN related products. The Board is of the view that by investing in the Target Company, it will enable the Group to leverage on the large operating scale, extensive experience, resources and expertise of the Target Company, allowing the Group to further develop and explore the application of its expertise in the LED and semiconductor industry in GaN related products. Further, it is expected that after completion of this strategic Investment, the Group and the Target Company will create a synergy effect by pooling their respective advantages and

further co-research and co-develop in GaN related chipsets and products. The major benefit of the Investment and collaboration is threefolds. Firstly, the Group now holds the key to open up the new market in China for the next generation Electric Vehicle (“EV”) transformation. The Group will leverage the Target Company’s product portfolio to design into China EV players as they all have the roadmap to move into the high voltage (from 300V to 400V and 800V systems). Every EV will require 30–60 GaN devices for the management of batteries, transfer of energy from battery packs to power the electric motor, on-board charger and DC-DC converters for the entire EV user experience, such as displays, air conditioning and wireless radio. Given the Target Company’s leading position for the high voltage devices that enables fast charge application, and its already leadership position with German EV supply chain qualification, coupled with the Group’s local factory for GaN solutions, the Group will benefit from the early entry to the China EV market, becoming a major viable supply chain providers of third-generation semiconductor GaN solution for the key EV players (including the existing state-owned automotive companies as well as emerging new EV players). Secondly, the Target Company’s expertise in manufacturing process will accelerate the Group’s factory capacity ramp up for GaN solutions. Last but not least, the Group will leverage the Target Company’s expertise in integrated circuit design of the high voltage GaN devices, to research and develop products that are customized to next generation solutions for specific customers.

In light of the above, the Board is of the view that the Investment is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

As all relevant applicable percentage ratios (as defined in the Listing Rules) of the Investment are less than 5%, the Investment does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 24 August 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Zhao Yi Wen, Mr. Lin Qi Jian and Mr. Chan Wing Kin; the non-executive Directors are Dr. Wang David Nin-kou and 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.