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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF MACHINES

ACQUISITION OF MACHINES

The Board announces that on 1 September 2021 (after trading hours), the Vendor, the Agent and the End User (an indirect wholly-owned subsidiary of the Company) entered into the Purchase Contracts, pursuant to which the Vendor agreed to sell the Machines at the Consideration of EUR6.5 million (equivalent to approximately HK\$59.6 million) for the utilization by the End User.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are above 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that completion of the Acquisition is subject to the fulfillment of a number of conditions and completion of the Acquisition 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 announces that on 1 September 2021 (after trading hours), the Vendor, the Agent and the End User (an indirect wholly-owned subsidiary of the Company) entered into the Purchase Contracts, pursuant to which the Vendor agreed to sell the Machines at the Consideration of EUR6.5 million (equivalent to approximately HK\$59.6 million) for the utilization by the End User. Further, on 20 August 2021, the Agent and the End User entered into an agency agreement pursuant to which the Agent shall act as the agent of the End User and shall be responsible for assisting the End User on matters in relation to the Acquisition and shipping of the Machines. The End User shall pay to the Agent EUR9,750 (equivalent to approximately HK\$0.1 million) as agency fee.

THE PURCHASE CONTRACTS

A summary of the terms of the Purchase Contracts are set out below:

Date: 1 September 2021

Parties: (i) the Vendor;

(ii) the Agent; and

(iii) the End User.

To the best of the Directors' knowledge, information and belief and having made reasonable enquiries, the Vendor, the Agent and their ultimate beneficial owners are Independent Third Parties.

Subject matter: Pursuant to the Purchase Contracts, the Vendor agreed to sell the Machines for the utilization by the End User.

Conditions: The Acquisition is subject to the following conditions: (i) the Vendor having received the Consideration in accordance to the Purchase Contracts; (ii) the Vendor having received the design review certificate signed by the End User; and (iii) the Vendor having received the End User Certificate.

The Agent and the End User shall be responsible for applying for the End User Certificate. If the Vendor has not received the End User Certificate and/or if the relevant authorities have not issued the relevant license for the Machines two weeks from the expected shipment date as stated in the section headed “Shipment date” below, the shipment date may be postponed accordingly. If the relevant license for the Machines has not been issued within 180 days from the date of receipt of the End User Certificate by the Vendor, then the parties shall either renegotiate the terms and conditions of the Purchase Contracts or the Vendor shall have the right to terminate the Purchase Contracts without incurring any liability to the Agent and the End User.

Consideration:

The Consideration under the Purchase Contracts is EUR6.5 million (equivalent to approximately HK\$59.6 million) which was payable before the shipment date and was determined on normal commercial terms after arm’s length negotiations having taken into account the prevailing market prices of the Machines and the functionality of the Machines.

The Consideration will be funded by the net proceeds from the placing applied for the procurement of machineries and equipment in accordance with the purposes set out in the section headed “Use of Proceeds” in the Company’s announcement dated 15 June 2021.

Shipment date:

Subject to the conditions as stated above, the expected shipment date of the Machines is 1 December 2021.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the design, development, manufacturing, subcontracting service and sales of semiconductor products, including LED beads, LED lighting products and fast charging products in the PRC. In view of the Group's long term strategy in further developing its business, the Directors consider that the Acquisition will allow the Group to expand its production capacity and continue to conduct research and development to diversify the product portfolio of the Group to increase the Shareholders' values.

In light of the above, the Directors are of the view that the Purchase Contracts were entered into after arm's length negotiation and on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are above 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that completion of the Acquisition is subject to the fulfillment of a number of conditions and completion of the Acquisition 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 shall have the following meanings:

“Acquisition”	the acquisition of the Machines pursuant to the Purchase Contracts
“Agent”	SUMEC International Technology Co., Ltd. (蘇美達國際技術貿易有限公司), a company established in the PRC with limited liability which is principally engaged in the import of mechanical and electrical equipment and the organization and integration of supply chain. To the knowledge of the Directors, as at the date of this announcement, the Agent is owned as to (i) 35% indirectly by SUMEC Corporation Limited (蘇美達股份有限公司), a company incorporated and listed in the PRC; and (ii) 65% by Jiangsu SUMEC Group Company Limited Trade Union* (江蘇蘇美達集團有限公司工會);

“Board”	the board of Directors of the Company
“Company”	HongGuang Lighting Holdings Company Limited 宏光照明控股有限公司, 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 (Stock Code: 6908)
“Consideration”	the consideration in the amount of EUR6.5 million in respect of the Acquisition
“Directors”	the directors of the Company
“End User”	徐州金沙江半導體有限公司 (Xuzhou Jinshajiang Semiconductor Co. Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“End User Certificate”	the end user certificate to be applied for by the Agent and the End User in the form as directed by the Vendor
“EUR”	Euro, the lawful currency of the European Union
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and are not connected persons (as defined under the Listing Rules) of the Company
“LED”	light-emitting diode
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Machines”	the machines for manufacturing electronic products to be purchased pursuant to the Purchase Contracts
“PRC”	the People’s Republic of China

“Purchase Contracts”	the purchase contract and the supplemental contract dated 1 September 2021 entered into among the Vendor, the Agent and the End User in relation to the Acquisition
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	AIXTRON SE, a company incorporated and listed in Germany which is principally engaged in production of machines
“%”	per cent

* *for identification purpose only*

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

Hong Kong, 1 September 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 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.

For the purpose of this announcement, conversion of EUR to HK\$ is based on the exchange rate of EUR1 to HK\$9.17. No representation is made that such amounts were or could be exchanged at this rate.