

If you are in any doubt as to a course of action to be taken, or hold a stock or shares registered in the name of a bank, solicitor, or other agent, you should refer to the relevant agent.

If you have sold or transferred all or part of your shares in NVC Lighting Holdings Limited, or hold a share in the company in the name of a nominee, you should refer to the relevant agent for the appropriate course of action.

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**NVC 雷士照明**

**DING LIMITED**

**雷士照明控股有限公司**

(INCORPORATED IN HONG KONG)

(Stock code: 2222)

**VERY SUBSTANTIAL DISPOSAL  
DECLARATION AND PAYMENT OF THE SPECIAL DIVIDEND  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial Adviser to the Company**



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## DEFINITIONS

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<i>I</i>	:
Agreed Form	mean, in relation to a document, the form of that document which has been agreed by a of email communication on the date of the Share Purchase Agreement by or on behalf of the Company and the Purchaser (in each case in the same document as may be agreed in writing by or on behalf of the Company and the Purchaser)
Amendment Letters	the amendment letters to the Share Purchase Agreement dated 29 October 2019 entered into by the parties to the Share Purchase Agreement to amend and supplement the terms of the Share Purchase Agreement in relation to the sale of the shares
Article of Association	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
B2B	business-to-business
B2C	business-to-consumer
Blue Light	Blue Light (HK) Trading Co., Limited (香港蔚藍芯光貿易有限公司), a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of the Company
Blue Light Group	Blue Light and its subsidiaries as at the Closing
Board	the board of directors of the Company
China ODM Business	mean the design and manufacturing of lighting products in Mainland China by the selected members of the Remaining Group that are based, marketed and sold by the brand and name of the customers of the selected members of the Remaining Group
Closing	completion of the Disposal in accordance with the terms and conditions of the Share Purchase Agreement and the Amendment Letters
Closing Date	the date on which Closing occurs

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## DEFINITIONS

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Com a	NVC Light i g Holdi g Limi ed (雷士照明控股有限公司), a com a i c o r p o r a t e d i n t h e B i t i h V i g i I l a d o 2 M a r c h 2 0 0 6 a d b e e t l e d o m i c i l e d t o t h e C a m a I l a d o 3 0 M a r c h 2 0 1 0 a a e e m t e d c o m a i t h l i m i t e d l i a b i l i t y d e t h e l a o f t h e C a m a I l a d . T h e i n e d S h a e o f t h e C o m a a e l i t e d o t h e m a i b o a d o f T h e S t o c k E c h a g e o f H o g K o g L i m i t e d
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D i e q o ( )	t h e d i e q o ( ) o f t h e C o m a
D i o a l	t h e d i o a l o f t h e e t i e h a e c a i a l o f t h e T a g e C o m a i e b t h e C o m a a d L E D H o l d i g t o t h e P a c h a o a t t o t h e S h a e P a c h a e A g r e e m e t a d t h e A m e d m e t L e t o
EGM o E t a o d i a G e a l M e e i g	t h e e t a o d i a g e a l m e e i g o f t h e C o m a t o b e h e l d a T h e D a t C l b, S o t h W e t T o o, C o e t i o P l a a, 1 H a b o o R o a d, W a c h a i, H o g K o g o M o d a , 1 8 N o e m b e r 2 0 1 9 a t 1 0 : 0 0 a . m . , a d a a d j o a m e t t h e o f
ETIC	Elec-Tech I t e a i o a l C o . , L t d . * ( 安 徽 德 豪 潤 達 電 氣 股 份 有 限 公 司 , e i o l k o a 廣 東 德 豪 潤 達 電 氣 股 份 有 限 公 司 ) ( t o c k c o d e : 2 0 0 5 ) , a c o m a i t h l i m i t e d l i a b i l i t y i c o r p o r a t e d i n t h e P R C w h i c h i c o r p o r a t e d o t h e S h e h e S t o c k E c h a g e a d a b t a t i a l S h a e h o l d e r o f t h e C o m a
ETIC G o	ETIC a d i b i d i a i e
ETISSL	a t a d e m a k o e d b E T i S o l i d S t a e L i g h t i g , I c . , a c o m a i t h l i m i t e d l i a b i l i t y i c o r p o r a t e d i O h i o , t h e U i e d S t a e , w h i c h i a i d i e q o h o l l - o e d b i d i a o f t h e C o m a
G o	t h e C o m a a d i b i d i a i e
HK\$	H o g K o g d o l l a r , t h e l a f l c u r r e c o f H o g K o g
Holdco	B r i l l i a t L i g h t I t e a i o a l H o l d i g R e . L t d . , w h i c h , d i e q l o i d i e q l , o 1 0 0 % o f t h e h a e c a i a l o f t h e P a c h a o
Ho g Ko g	t h e H o g K o g S e c i a l A d m i i t a i e R e g i o o f t h e P R C



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## DEFINITIONS

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LED Holdi g LED Holdi g Limi ed (耀能控股有限公司), a com a i co a ed i Ho g Ko g i h limi ed liabili a d a holl -o ed b idia of the Com a . A a the La et P aq icable Da e, LED Holdi g held a 100% e i i t a e t i Zh hai Yaoh i

Lighi g Holdi g II Lighi g Holdi g II Re. Lt d., a e t i i di e q l co t o lled b KKR A ia F d III L.P., hich i a limi ed a t a hi e t abli hed d a t he la of O t a io, Ca ada

Liti g R le the R le Go a i g the Liti g of Sec i e o The S ock E cha ge of Ho g Ko g Limi ed

N a Adj t ed Ca h Amo t mea , a a gi e t ime, a amo t e al t o the Adj t ed Ca h Amo t a ch t ime mi a amo t o ed b t he Ta g a Com a ie d a co t ai ecific e t a al facili e a a t ha t ime

For the a o e of t hi calc la io :

**Adjusted Cash Amount** mea , a a t ime, a amo t e al t o Ca h a ch t ime l Ca h E i ale t a ch t ime mi Re t i q ed Ca h a ch t ime.

**Cash** mea , a a gi e t ime, t he ag g e a e of t he Ta g a Co ' ca ho ha d, ca h a ed i ed t o a ba k acco t a d a e ad il a ailable, mi t he amo t of ca h i t a i t , a id check , d a f a d i e t a fa i ed b mem a of t he Ta g a Co , each a a ch t ime.

**Cash Equivalents** mea , a a gi e t ime a amo t e al t o (i) t he ag g e a e amo t of bill a e ce i able (e cl di g bill a e ce i able di co t ed t o the ba k) o i g t o t he Ta g a Co a ch t ime; mi (ii) t he ag g e a e amo t of bill a able hich ill become d e a d a able b a of t he Ta g a Co i t he t o mo t h a i od follo i g ch t ime; mi (iii) t he ag g e a e amo t of a d e o i a id b t he Ta g a Co i h a e e q t o t he bill a able a e f a e d t o i (ii) of t hi defi i io .

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## DEFINITIONS

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	<p><b>Restricted Cash</b> means, at any given time, any cash that is not freely available to the Target Group at that time because it is subject to the contractual restrictions or limitations on the distribution of a licable law, contract or otherwise a deemed obligation to pay the principal of the account and the equity of the account, which shall include aggregate amount of a debt or liability to the Target Group in the equity of the bill payable referred to in (ii) of definition of Cash Equivalent.</p>
ODM Product	<p>Product designed and manufactured by the Group and be entitled to the brand of a brand or for sale</p>
Percentage Ratio( )	<p>has the meaning ascribed thereof in Chapter 14 of Listing Rules</p>
PRC or Mainland China	<p>the People's Republic of China, and for the purpose of this circular, including Hong Kong, Macau Special Administrative Region and Taiwan</p>
Prisca	<p>Billiat Light Investment Re. Ltd., which is a wholly-owned subsidiary of Holdco</p>
Remaining Balance	<p>Collectible, (i) the China Remaining Balance as defined in the letter from the Board; (ii) the China ODM Balance; and (iii) the Intellectual Balance as defined in the letter from the Board</p>
Remaining Group	<p>the Group immediately after the Closing</p>
RMB	<p>Renminbi, the lawful currency of the PRC</p>
SAMR	<p>the State Administration for Market Regulation of the People's Republic of China or its local counterparts (as the case may be)</p>
SFO	<p>the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong</p>
Share( )	<p>ordinary share( ) of US\$0.0000001 each in the share capital of the Company</p>
Share Purchase Agreement	<p>the Share Purchase Agreement dated 10 August 2019 entered into between the Company, LED Holding, the Prisca, Holdco and Lighting Holding II in relation to the sale and purchase of the Target Company</p>





**NVC 雷士照明**  
NVC LIGHTING HOLDING LIMITED  
雷士照明

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## LETTER FROM THE BOARD

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Before the Dividend, the Company did not, and did not through LED Holding, held the 100% equity interest in each of the Target Companies. After the Closing, the Company and Light Holding II will equally hold 30% and 70% of the total equity interest in each of the Target Companies and the Target Companies will therefore no longer be consolidated into the consolidated financial statement of the Group. The Company and Light Holding II, on Closing, enter into the Shareholders' Agreement to govern the management of, and the relationship between the shareholders of, Holdco.

Subject to, among other matters, the approval of the Shareholders at the EGM and the Closing, the Board intend to declare the Special Dividend of HK\$0.9 per Share to the Shareholders who are entitled to the rights of members of the Company on a record date to be determined. Further approval will be made by the Company in this regard and the approval.

According to the Agreement, the Dividend constitutes a substantial dividend for the Company which is subject to the securities, approval, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will comply with these requirements of securities and approval, and a independent board committee, and a independent financial adviser for the Independent Shareholders at the EGM.

The scope of this circular is to inform the Shareholders that: (i) further information of the Dividend; (ii) details of the proposed declaration and payment of the Special Dividend; (iii) a letter of advice from Grant Thornton to the Independent Board Committee and the Independent Shareholders in respect of the Dividend; and (iv) the notice of EGM, to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution to be proposed at the EGM.

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## LETTER FROM THE BOARD

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### 2. THE SHARE PURCHASE AGREEMENT

The principal terms and conditions of the Share Purchase Agreement are set out below:

<b>Date</b>	10 August 2019
<b>Parties</b>	(1) the Company (a "Company"); (2) LED Holding (a "Company"); (3) the Purchaser (a "Purchaser"); (4) Holdco (a "Company" and the sole shareholder of the Purchaser); and (5) Lighting Holding II (a "Company" and the sole shareholder of the Holdco as at the date of the Share Purchase Agreement).
<b>Transaction Structure/ Consideration, Payment</b>	As at the Latest Practicable Date, Lighting Holding II owns 100% of the shares in Holdco, which, directly or indirectly, owns 100% of the shares in the Purchaser.

On Closing, the Purchaser will acquire 100% of the issued shares of each of the Target Companies. In consideration, the Purchaser will pay RMB4,611,307,628, subject to certain adjustable adjustments in accordance with the Share Purchase Agreement (the "**Cash Consideration**") to the Company and Holdco. The Company and Holdco will receive 30% of the total issued shares of Holdco on a fully-diluted basis (the "**Share Consideration**") (with the remaining 70% to be held by Lighting Holding II). The Share Consideration is valued at RMB947,703,269 as at the date (1) Holdco will own 100% of the issued shares of all Target Companies; and (2) Holdco and the Purchaser will have a level of long-term indebtedness of RMB2,400,000,000 (see the section below). Therefore, the Total Consideration that will be received by the Company on Closing shall be equal to RMB5,559,010,897, i.e., being the aggregate of the Cash Consideration and Share Consideration, subject to certain potential adjustments as set out in the Share Purchase Agreement.

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## LETTER FROM THE BOARD

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To fulfill the acquisition of 70% equity in the Target Company, Holdco and the P&CA (as the case may be) will raise equity capital of RMB2,211,307,628 (the *Capital*) and equity to raise debt capital of no less than RMB2,400,000,000 as to the amount indebted (the *Indebtedness*).

On closing, if Holdco, indirectly through the P&CA, borrows an amount, after which (i) cash of the P&CA and (ii) financing cost, in excess of RMB2,400,000,000 due to the acquisition facilities, the value of the Share Consideration will decrease. As a result to come after each decrease of the value of the Share Consideration, the P&CA will increase the amount of the Cash Consideration by the same amount so that the Total Consideration received by the Company at closing shall remain the same, being RMB5,559,010,897. See detailed illustration below.

The consideration for 70% equity in the Target Company is initially agreed at RMB3,891,307,628 (the *Initial Consideration*) based on commercial disclosure by the Company to the P&CA.

Given the Capital of RMB2,211,307,628 which is set to be contributed by the Lighting Holding II for the purpose of acquisition of 70% of equity in the Target Company, the Share Consideration (representing 30% of the total issued share capital of Holdco immediately after closing) is valued at RMB947,703,269 (i.e.,  $RMB2,211,307,628/70%*30% = RMB947,703,269$ ). If the P&CA is able to borrow more than RMB2,400,000,000 (i.e., the amount of Indebtedness for financing acquisition of 70% equity in the Target Company is increased), the P&CA can decrease the amount of Capital that is needed to raise (i.e., the amount of Capital being contributed by Lighting Holding II shall be decreased), and thus the decrease of Share Consideration.

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## LETTER FROM THE BOARD

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At the Completion of 30% of the share capital of Holdco immediately after Closing, the Completion will be indirectly associated with and bear 30% of the Indebtedness (i.e., RMB2,400,000,000\*30% = RMB720,000,000). Accordingly, the Cash Consideration should include the Indebtedness and the 30% of the Indebtedness (i.e. RMB3,891,307,628 + RMB720,000,000 = RMB4,611,307,628). If the Purchase is able to borrow more than RMB2,400,000,000 (i.e., the amount of Indebtedness for financing activities of 70% entitled to the Target Company increase), the amount of Indebtedness indirectly associated with the Completion will increase. Therefore though the Share Consideration will be decreased accordingly, the Cash Consideration will increase. The Total Consideration received by the Completion shall remain the same, being RMB5,559,010,897.

The relationship among Cash Consideration, Share Consideration, Indebtedness and Capital will be defined by formula as below:

$$\begin{aligned}
 \text{Total Consideration (fixed)} &= \text{Cash Consideration} + \text{Share Consideration} \\
 &= (\text{Indebtedness (fixed)} + 30\% * \text{Indebtedness}) + ((\text{Capital}/70\%)*30\%) \\
 &= (\text{Indebtedness (fixed)} + 30\% * \text{Indebtedness}) + (((\text{Indebtedness (fixed)} * 70\% * \text{Indebtedness}) / 70\%)*30\%) \\
 &= (\text{Indebtedness (fixed)} + 30\% * \text{Indebtedness}) + (((\text{Indebtedness (fixed)}/70\%) * ((70\% * \text{Indebtedness})/70\%))*30\%)
 \end{aligned}$$

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## LETTER FROM THE BOARD

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$$= (\text{Initial Consideration (fixed)} + 30\% * \text{Indebtedness}) + (((\text{Initial Consideration (fixed)}/70\%) - \text{Indebtedness}) * 30\%)$$

$$= (\text{Initial Consideration (fixed)} + 30\% * \text{Indebtedness} + ((30\% * (\text{Initial Consideration (fixed)}/70\%))) * 30\% * \text{Indebtedness})$$

Immediately after Closing, the Company and Lighting Holding will respectively own 30% and 70% of the new capital in Holdco. Holdco will, in turn, own 100% of the new capital in the PSCA. The PSCA will own 100% of the new capital in each of the Target Companies.

The Cash Consideration will be paid in full to the PSCA of the Company in USD and a change of RMB7.0039 to USD1.00 of the Closing Date. The Share Consideration will be paid to the Company on the Closing Date.

The Company referred to the elimination of the Target Group as at 31 December 2018 conducted by JLL to get the market approach to the balance of consideration for a total of 100% equity interest in the Target Company.

In determining the Initial Consideration, the Director considered that the Target Group recorded (a) the profit of a total of RMB355 million for the ended 31 December 2018, implying a price-earnings multiple of 15.66 which fell within the range of price-earnings multiple of the comparable companies (Comparable Companies) historically similar to that of the Target Group and recorded a premium of 6.7% over the mean of price-earnings multiple of the Comparable Companies; and (b) the value of the Target Group conducted by the JLL to get the market approach. According to the analysis set out attached in Appendix V of this circular, the value of the Target Group (Value) is a total of RMB4,131,041,000.

Having considered the above and:

- (a) the Total Consideration of RMB5,559,010,897 represents a premium of approximately 34.57% of the Valuation of RMB4,131,041,000;
- (b) the Initial Consideration of RMB3,891,307,628 represents a premium of approximately 34.57% or 70% of the Valuation (i.e. approximately RMB2.892 billion);
- (c) the Total Consideration represents a premium of approximately 36.32% of the market capitalization of the Company at the Latest Practicable Date;
- (d) the adjustment arrangement is such that the Total Consideration to be received by the Company Closing shall remain the same, being RMB5,559,010,897 and after deducting the Government's interest in the event that the Indebtedness exceeds RMB2,400,000,000,

The Directors (including the independent non-executive Directors) consider that the Total Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The details of the valuation performed by the independent valuers are set out below:

### **Methodology**

In arriving at the above valuation the adopted Discount Rate

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## LETTER FROM THE BOARD

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Market approach considers since recent paid for similar  
 a , the adjustment made to market price to reflect  
 conditions and timing of the assumed acquisition of the  
 market companies. A for which there is an established  
 economic market may be applied to this approach.

In this case, the indicated value applied P/E, P/B, and P/S  
 multiples, which are calculated by using Comparable  
 Company financial statements, to determine the fair value  
 of Target Group and the took into account of market  
 liquidity discount at the assumed acquisition date.

***Multiples of Comparable Companies as at the valuation date***

The Comparable Company are selected based on similarity  
 of business and profitability. The indicated value  
 has considered the formation of controlled Comparable  
 Company which are engaged in the same industry.

Comparable Company	Ticker	P/E	P/B	P/S
NVC Lighting Holding Limited	HK 2222	5.68	0.52	0.32
Neo-Neo Holding Limited	HK 1868	7.87	0.70	1.66
Zhejiang Yako Group Co., Ltd	SH 600261	12.61	1.39	0.89
Fohua Electrical & Lighting Co., Ltd	SZ 000541	19.16	1.66	1.93
Hegdia Group Lighting Co., Ltd.	SH 603303	19.54	1.88	1.21
OPPLE Lighting Co., Ltd	SH 603515	23.41	5.22	2.64
Fohua Nano Star Optoelectronic Co., Ltd	SZ 002449	14.42	1.87	1.78
<b><i>Adopted Multiples</i></b>		<b>14.67</b>	<b>1.89</b>	<b>1.49</b>



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## LETTER FROM THE BOARD

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The election of the aforementioned Comparable Companies based on the industry status of the Company, which design, management and trade activities of commercial lighting products, especially focus on energy-saving products in China's high area of efficient lighting products (more than one year). As the independent Share of the Company elected on the main board of Stock Exchange, election of Comparable Companies are considered by Hong Kong and China main board capital market. Not less than 95% of total share of the Comparable Companies are generated from their lighting business. Consider the election basis mentioned above, the Directors are of the view that the election of the Comparable Companies are fair and reasonable.

Further, the Directors consider that the use of market approach in the valuation method to set at least a fair value of the Target Group for the issue of debt financing is the consideration of the Director's independent economic consulting the Target Group's financial performance and before the Target Group has reliable financial flow, the debt financing is come a approach as a reasonable valuation method.

In addition, the Valuation is conducted by JLL, an independent and qualified independent.

Having considered above, the Directors (including the independent non-executive Directors) consider that Valuation and the methodology adopted for the valuation of the Valuation are fair and reasonable.

### Permitted Dividend

Before Closing, the Target Company will be permitted to declare and distribute to the Company's cumulative amount dividend of a maximum of RMB300,000,000 in aggregate of it for the year of 2019.

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## LETTER FROM THE BOARD

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### Consideration adjustments

If, by or on 31 December 2018 and the Closing Date, a leakage of value from the Target Company occurs, the Cash Consideration will be reduced on a dollar-for-dollar basis to come up to the Purchase Price for the value which has been leaked to the Company or cost of litigation. Leakage is defined in detail in the Share Purchase Agreement, but can be a payment, a payment in kind, or other transfer of economic value from the Target Company to, or on behalf of, or for the benefit of the Company, LED Holding or a member of the seller's group of associated companies (excluding the Target Group).

### Additional equity injection to rectify net cash shortfall

If the Target Group's Net Adjusted Cash Amount falls below RMB300,000,000 at any time by or on the Closing Date or the month after Closing, Lighting Holding II shall have a right of additional equity injection to rectify such cash shortfall and if Lighting Holding II exercises the right, Lighting Holding II and the Company will be obliged to inject 70% and 30% of the shortfall (respectively) into Holdco in the form of additional equity. In respect, Holdco will inject additional equity into Lighting Holding II and the Company and a share certificate shall be issued for the shares which the Share Consideration is paid.

### Conditions Precedent

- (1) The approval by the Shareholders at the EGM in respect of the Share Purchase Agreement and the transaction contemplated hereunder (the **Shareholder Approval Condition**);
- (2) the completion of the reorganisation in accordance with the reorganisation memorandum annexed to the Share Purchase Agreement (the **Reorganisation Condition**);
- (3) the obtaining of a letter of approval from SAMR (the **Anti-trust Condition**); and
- (4) there having been no material adverse change of the Target Group since the date of Share Purchase Agreement (the **MAC Condition**).

Save for the Purchaser's right to install all in the MAC  
Condition and the Regulator's Condition, or other

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## LETTER FROM THE BOARD

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### **Pre-sale Reorganisation**

The Company will undertake a series of pre-sale reorganisations, the scope of which is to be set forth in the articles, a schedule to be set forth in the Remaining Group and the Target Group in line with the delisting to be set forth in the Remaining Bid and Target Bid. Among other arrangements, the Target Group will assign to the Remaining Group the trademarks that are relevant to the China Remaining Bid (as defined below) and the Intellectual Property Bid (as defined below). The Target Group will also grant to the Remaining Group a general, non-exclusive license to use in the China Remaining Bid the trademarks that can be lifted from the Target Group portfolio (details of the facts that the registration or a license contract specification is required by the bid are set forth in the Target Bid). The Target Group will also grant to the Remaining Group a general, non-exclusive license to use in the China Remaining Bid the trademarks that can be lifted from the Target Group portfolio (details of the facts that the registration or a license contract specification is required by the bid are set forth in the Target Bid).

### **Break Fee**

If the Share Purchase Agreement is terminated by the Company in the event that: (i) all of the Conditions Precedent have been satisfied or waived by the Purchaser but the Purchaser fails to fulfill its obligations to Cloig; or (ii) the Purchaser fails to submit the anti-fraud filing to SAMRO or before 30 August 2019, the Purchaser has agreed to pay the Company a break fee of RMB300 million.

If the Share Purchase Agreement is terminated by the Purchaser in the event that all of the Conditions Precedent have been satisfied or waived by the Company but the Purchaser fails to fulfill its obligations to Cloig, the Company has agreed to pay the Purchaser a break fee of RMB300 million.

### **Anti-Embarrassment**

If Cloig fails to take place details of the Shareholder Approval Conditions being satisfied and, in his month of the date of the EGM, the Company, directly or indirectly, must have 50% of the share of at least one of the three Target Companies, the Company will be required to pay to the Purchaser an amount equal to 70% of half of the liability for the share in the economic situation (a combined liability in the relative of the same ratio of share in the actual situation based on the Total Contribution).

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## LETTER FROM THE BOARD

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### Non-competes

The Company shall not, and does not take to solicit or solicit members of the Remaining Group shall, directly or indirectly, carry on, participate in or be engaged or interested in (including in the past, or so idiosyncratically as to, as a result of the engagement of a financial interest) a Target Business in the PRC for a period of five (5) years after the Closing Date. However, the Company and its members of the Remaining Group may:

- (1) on or after the date which it or (2) on or after the Closing Date, acquire a business which has a small degree of overlap with the Target Business (less than 30% of its assets attributable to the combined company of the acquired business);
- (2) purchase a business, have or imitate or set up a limited entity that does not exceed 5% of the total revenue, have or imitate or set up of that entity;
- (3) on or after the date which it or (2) on or after the Closing Date, establish a Target Business in the PRC with 70% of its total assets from manufacturing or distributing goods solely for market outside the PRC; and
- (4) carry on a China ODM Business.

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## LETTER FROM THE BOARD

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### 3. THE SHAREHOLDERS' AGREEMENT

The Company, Lighting Holding II and Holdco shall enter into the Shareholders' Agreement to the Closing Date of the first resale of the Company and Lighting Holding II shares of Holdco. The material terms of the Shareholders' Agreement are set out below:

#### Parties

- (1) Lighting Holding II;
- (2) the Company; and
- (3) Holdco.

each a **Party** and collectively, the **Parties**.

#### Board of Directors

The board of directors of Holdco shall consist of 5 directors. Lighting Holding II shall have the right to appoint 3 directors and the Company shall have the right to appoint 2 directors.

#### Transfer Restriction

Without the prior written consent of the other party, either the Company or Lighting Holding II may not transfer any shares in Holdco to:

- (a) a third party (other than a affiliate) before the fourth anniversary of the Closing Date; or
- (b) certain restricted transferees or their affiliates, during the period beginning the fourth anniversary of the Closing Date and the fifth anniversary of the Closing Date.

#### Right of First Offer

Subject to the restrictions set out in the Shareholders' Agreement, if the Company is to sell any shares in Holdco to a third party (other than a affiliate), the Company shall first offer to Lighting Holding II the right to acquire such shares at a price proposed by the Company. If Lighting Holding II accepts such offer, the Company shall sell such shares to Lighting Holding II. If Lighting Holding II does not accept such offer, the Company shall have the right to sell such shares to a bona fide third party at a price and terms and conditions the same as more favorable to the Company than those offered to Lighting Holding II within a period of 12 months after the offer to Lighting Holding II.

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## LETTER FROM THE BOARD

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**Right of First Offer  
Related to  
International Lighting  
Business**

When the Company is offered to sell a part of its international lighting business which, in addition to the aggregate, represents 60% or more of the total adjusted net income of the international lighting business in the most recent full fiscal year to a person (whether that person is an affiliate), the Company shall first offer Holdco the right to acquire such international lighting business at a price approved by the Company. If Holdco accepts such offer, subject to the right of the minority shareholders in such international lighting business, the Company shall sell such international lighting business to Holdco. If Holdco does not accept such offer, the Company shall have the right to sell such international lighting business to a bona fide third party at a price and on terms and conditions the same as or more favorable to the Company than those offered to Holdco within a period of 12 months after the offer to Holdco.

**Pre-emptive Right**

If Holdco is offered to issue a new security (including, but not limited to, assets, securities that are convertible into common stock, and debt securities), each of the Company and Lighting Holding II, as the shareholders of Holdco, shall have the right to subscribe for a proportion of the new security equal to its percentage ownership in Holdco.

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## LETTER FROM THE BOARD

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### Drag Along

If Light i g Holdi g II s o o e t o t s a f a m o e t h a 50% of the h a e c a i t a l i Holdco t o a a o (q h a t h a t o a affilia e) a a t i m e f o l l o i g 48 m o t h a f a t h e C l o i g D a e, L i g h t i g H o l d i g I I h a l l h a e t h e r i g h t o s e i e e a c h q h a h a e h o l d e r o f H o l d c o ( t h e *Drag Shareholder*) t o t s a f a a e i a l e t s o s a a o t i o o f i h a e i H o l d c o o t h e a m e t a m a d c o d i o a L i g h t i g H o l d i g I I i t s a f a i g h a e i H o l d c o, s o i d e d t h a,

(a) d s i g t h e a i o d c o m m e c i g o t h e d a e h i c h i 48 m o t h a f a t h e C l o i g D a e a d e d i g o t h e f i f h a i a a o f t h e C l o i g D a e, L i g h t i g H o l d i g I I m a o l e a c i e c h d r a g - a l o g r i g h t i f t h e c o i d a a i o i h a e e q t o e a c h h a e t o b e d r a g g e d i q l e t h a t h e a g g r e g a e a m o t o f: (i) t h e s i c e a h a e a h i c h t h e S h a e C o i d a a i o a i e d, a a d j t e d f a a b o h a e i e, h a e b d i i o, h a e c o m b i a i o, h a e l i, s e c a i t a l i a i o, s e c l a f i c a i o a i m i l a e e t o c c u r r i g a f a t h e C l o i g D a e ( t h e *Base Price*), l (ii) a a m o t s e e e t i g a i t a e t a c c i g a t h e A g r e e d I t e r R a e a a m o t h e B a e P r i c e d s i g t h e R e f e r e c e P e r i o d, m i t h e c m l a i e a m o t o f d i t r i b t i o ( b a o f d i i d e d a q h a i e) m a d e t o t h e e l e a t D r a g S h a e h o l d e r i h a e e q t o c h d r a g h a e b H o l d c o a f a t h e C l o i g D a e. T h e *Agreed Interest Rate* h a l l e a l 12% a d t h e *Reference Period* h a l l m e a t h e a i o d b e e t h e C l o i g D a e a d t h e d a e h e t h e e l e a t D r a g S h a e h o l d e r r e c e i e t h e t s a f a s i c e o f t h e i h a e i H o l d c o ( e a c h i c l i e); a d

(b) d s i g t h e a i o d c o m m e c i g o t h e d a e i m m e d i a e l a f a t h e f i f h a i a a o f t h e C l o i g D a e a d e d i g o t h e e e t h a i a a o f t h e C l o i g D a e, L i g h t i g H o l d i g I I m a o l e a c i e c h d r a g - a l o g r i g h t i f t h e c o i d a a i o i h a e e q t o e a c h h a e t o b e d r a g g e d i q l e t h a t h e B a e P r i c e.



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## LETTER FROM THE BOARD

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### Tag Along

If Lighting Holdings II is a shareholder of a company (which is a subsidiary), the Company shall have the right but not the obligation to exercise the tag-along right to purchase from the shareholder a proportion of the shares of the company to be acquired by the Company if Lighting Holdings II is a shareholder of the company and does exercise its tag-along right, the Company shall have the right to exercise the tag-along right to all of the Company's shareholders.

### Matters requiring approval by the Company and Lighting Holdings II

The following are all of the matters that the Company and Lighting Holdings II will be required to jointly approve:

- (a) a public offering of a stock exchange in the PRC, which Lighting Holdings II shall exercise if it is a public offering of the Small and Medium Enterprise Board of the Shanghai Stock Exchange of the PRC (A-Share Listing) or conducted by the Company and meet certain financial metrics (leave see Qualifying IPO below for further detail);
- (b) a public offering of a stock exchange outside of the PRC or a trade sale of the business of Holdco or a subsidiary within 48 months after the Closing Date;
- (c) the issuance of securities, which is a limited circumstance (check the issuance of securities to Holdco or a subsidiary);
- (d) adopting amendments to the articles of incorporation;
- (e) subject to limited exceptions, acquiring or disposing of a business or asset for an amount greater than RMB100 million (aggregate) in a 12 month period;
- (f) entering into contracts or commitments involving a liability or expenditure greater than RMB80 million;



#### **4. INFORMATION OF THE PARTIES INVOLVED**

##### **The Company**

## **LED Holdings**

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## LETTER FROM THE BOARD

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The following table sets out the information of the Target Group as at the Latest Practicable Date:

### Huizhou NVC Group

Company Information	Shareholding held by the Company
1. Huizhou NVC Lighting Technology Company Limited* (惠州雷士光電科技有限公司), a PRC incorporated company with limited liability	100%
2. Chongqing NVC Lighting Company Limited* (重慶雷士照明有限公司), a PRC incorporated company with limited liability	100%
3. Huizhou NVC Trading Development Company Limited* (惠州雷士貿易發展有限公司), a PRC incorporated company with limited liability	100%
4. Beigeb NVC Smart Homehold Technology Company Limited* (蚌埠雷士智能家居科技有限公司), a PRC incorporated company with limited liability	100%
5. Huizhou NVC Fire Lighting Company Limited* (惠州雷士消防照明標識有限公司), a PRC incorporated company with limited liability	70%
6. Tongheng NVC Lighting Technology (Shanghai) Company Limited* (同恒雷士光電科技(上海)有限公司), a PRC incorporated company with limited liability ( )	20%
7. Huizhou Thaled-opto Company Limited* (惠州雷通光電器件有限公司), a PRC incorporated company with limited liability ( )	49%
8. Zhongshan NVC Decoration Lighting Technology Company Limited* (中山雷士燈飾科技有限公司), a PRC incorporated company with limited liability	100%
9. Huizhou NVC Kitchenware Company Limited* (惠州雷士櫥衛電器有限責任公司), a PRC incorporated company with limited liability	51%

## LETTER FROM THE BOARD

Company Information	Shareholding held by the Company
10 H i ho NVC Light i g E gi eæ i g Com a Limi ed* (惠州雷士照明工程有限公司), a PRC i cæ æ æ ed com a i h limi ed liabili	100%
11 Zh hai Do g ha g Decæ æ i e Light i g Tech olog Com a Limi ed* (珠海東尚燈飾科技有限公司), a PRC i cæ æ æ ed com a i h limi ed liabili	100%
12 Zho g ha Lei a Light i g Com a Limi ed* (中山市雷雅照明有限公司), a PRC i cæ æ æ ed com a i h limi ed liabili	100%
13 Cho g ho Co tæ æ io Com a Limi ed* (崇州建設有限公司), a PRC i cæ æ æ ed com a i h limi ed liabili ( )	100%
14 Y a Di gjia Light i g Tech olog Com a Limi ed* (雲南鼎建光電科技有限公司), a PRC i cæ æ æ ed com a i h limi ed liabili ( )	10%

### Blue Light Group

Company Information	Shareholding held by the Company
1 Bl e Light (HK) Tæ adi g Co., Limi ed (香港蔚藍芯光貿易有限公司), a Ho g Ko g i cæ æ æ ed com a i h limi ed liabili	100%
2 W h Bl e Light Light i g Tæ adi g Com a Limi ed* (蕪湖蔚藍芯光照明貿易有限公司), a PRC i cæ æ æ ed com a i h limi ed liabili ( )	100%
3 W h Fe glei Næ æ k Tech olog Com a Limi ed* (蕪湖風雷網絡科技有限公司), a PRC i cæ æ æ ed com a i h limi ed liabili ( )	100%
4 W h NVC Eleæ æ o ic B i e Com a Limi ed* (蕪湖雷士照明電子商務有限公司), a PRC i cæ æ æ ed com a i h limi ed liabili ( )	100%

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**LETTER FROM THE BOARD**

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<b>Company Information</b>	<b>Shareholding held by the Company</b>
5 H i ho Sha g i E-commæce Com a Limi ed* (惠州市尚億 電子商務有限公司), a PRC i cæ æ ed com a i h limi ed liabili ( )	100%
6 Zh hai Yijie Næ æk Tech olog Com a Limi ed* (珠海市壹 姐網絡科技有限公司), a PRC i cæ æ ed com a i h limi ed liabili ( )	100%
7 Zh hai H i i E-commæce Com a Limi ed* (珠海惠銀電子商 務有限公司), a PRC i cæ æ ed com a i h limi ed liabili ( )	100%
8 W h Aoko g E-commæce Com a Limi ed* (蕪湖奧空電子商 務有限公司), a PRC i cæ æ ed com a i h limi ed liabili ( )	100%
9 Zh hai Leido g Tech olog Com a Limi ed* (珠海市雷東科 技有限公司), a PRC i cæ æ ed com a i h limi ed liabili ( )	100%
10 H i ho Sha gjia Ligh i g Com a Limi ed* (惠州市尚佳光電 有限公司), a PRC i cæ æ ed com a i h limi ed liabili ( )	100%

**Zhuhai Yaohui Group**

<b>Company Information</b>	<b>Shareholding held by the Company</b>
1 Zh hai Yaoh i Tech olog Co., Lt d. * (珠海耀輝科技有限公司), a PRC i cæ æ ed com a i h limi ed liabili	100%
2 Zh hai She gh a a g Tech olog Com a Limi ed* (珠海盛華 陽科技有限公司), a PRC i cæ æ ed com a i h limi ed liabili	100%
3 Zh hai NVC Tech olog Com a Limi ed* (珠海雷士科技有限 公司), a PRC i cæ æ ed com a i h limi ed liabili	100%

## LETTER FROM THE BOARD

Company Information	Shareholding held by the Company
4 Zh hai Berkeley Modern Furniture Company Limited* (珠海伯克麗現代家居有限公司), a PRC incorporated company with limited liability ( )	10%
5 Zh hai NVC Liaojia Technology Company Limited* (珠海雷士靚家科技有限公司), a PRC incorporated company with limited liability	100%
6 Kaiyuan Zhuzhou II (Shenzhen) Equity Investment Partnership* (開元朱雀二期(深圳)股權投資合夥企業), a PRC incorporated limited partnership ( )	99%
7 Zh hai NVC Logistics Company Limited* (珠海市雷士物流有限公司), a PRC incorporated company with limited liability	100%
(i) The company is a associate of H i ho NVC and their financial information is accounted for in the financial statement of H i ho NVC in Appendix II.	
(ii) The company is the subsidiary of H i ho NVC Lighting Engineering Company Limited and its financial information is accounted for in the consolidated financial statement of H i ho NVC Lighting Engineering Company Limited in Appendix II.	
(iii) The company is accounted for as a financial asset in the financial statement of H i ho NVC Trading Development Company Limited in Appendix II.	
(i) The company is a subsidiary of Blue Light and their financial information is accounted for in the consolidated financial statement of Blue Light in Appendix II.	
( ) The company is accounted for as a financial asset in the financial statement of Zh hai NVC Technology Company Limited in Appendix II.	
(i) The limited partnership is a joint venture of Zh hai NVC Technology Company Limited and its financial information is accounted for in the financial statement of Zh hai NVC Technology Company Limited in Appendix II.	



## LETTER FROM THE BOARD

### 6. FINANCIAL INFORMATION OF THE TARGET GROUP

According to the audited financial information of the Target Group, the Target Group recorded a audited net asset value of approximately RMB2,196,089,000 as at 30 June 2019. Set out below are the audited net assets of the Target Group in respect of the financial information of the Target Company which were equalised based on International Financial Reporting Standards for the periods ended 31 December 2017 and 2018, respectively:

	Financial year ended 31 December 2017 <i>MB'000</i>	Financial year ended 31 December 2018 <i>MB'000</i>
Profit before tax	479,339	490,807
Profit after tax	393,733	354,968

The audited financial information of the Target Group was based on the management based on the consolidated group of limited to the set out below:

- a. including all assets and liabilities of all entities of the Target Group and aggregating all financial assets (including loans) of all entities of the Target Group;
- b. eliminating off the set a acquisition date the ended 31 December 2017 and 2018 and balance as at 31 December 2017 and 2018 in the Target Group, respectively;
- c. excluding a acquisition date the ended 31 December 2017 and 2018 and balance as at 31 December 2017 and 2018 of the disposal entities that are sold to the Target Business;
- d. transferring the investment in subsidiary by the Target Group and Remaining Group to each of the assigned entities to the Target Group and Remaining Group on 31 December 2017 and 2018 for the purpose of the measurement of financial position of the Target Group as at 1 January 2017 and 2018 for the purpose of the measurement of net assets of the Target Group;
- e. the financial information is taken into account the gain or loss arising from the reorganisation and the related tax implications, if any; and
- f. excluding financial assets of investment to amount derived from entities in the Remaining Group as at 1 January 2017 and 2018 and date the ended 31 December 2017 and 2018, if any.

The effect of the Total Consideration on the carrying amount of the Target Group as at 30 June 2019 is stated from the audited financial information of the Target Group prepared by the management based on assumptions and estimates of management of RMB3,362,922,000.

## **7. REASONS FOR AND BENEFITS OF THE DISPOSAL**

### **Business Optimization Strategy**

With the increase in the global market demand for LED lighting products, the

The proceeds of the sale of 20.5% of the equity of the Company (a total amount of RMB878,852,382 (being the Cash Consideration after deducting the Special Dividend and the tax liability)) will be used for the following purposes: (a) Investment in the Company's wholly-owned subsidiaries, including Jia g ha fa q u (located in Jia g ha , Zhejiang) which has a registered capital of 121,680,000 RMB of limited liability company, Sha g hai fa q u (located in Sha g hai) which has a registered capital of 9,450,000 RMB of electronic company and Zh hai fa q u (located in Zh hai, Guangdong) which has a registered capital of 7,200,000 RMB of limited liability company, and the investment in the Company's wholly-owned subsidiaries. The Company will also invest in the LED lighting industry. For example, the Company intends to expand its investment through mergers and acquisitions. The Company will continue to invest in the LED lighting industry and focus on the development of the LED lighting model in the United States.

The Company expects that the China Remaining Business and China ODM Business will remain stable.

### Returns to the Shareholders

As at the Latest Practicable Date, the Company has a total market capitalization of HK\$4,565,463,101 (equivalent to a total RMB4,077,871,642). The Total Consideration is RMB5,559,010,897. The Cash Consideration is RMB4,611,307,628, subject to certain contractual adjustments as set out in the Share Purchase Agreement. After the Closing, the Company will be able to pay to its Shareholders a Special Dividend of an amount of a total RMB3,804,552,584 (equivalent to a total RMB3,398,226,368). The Special Dividend amount also represents a total 83.33% of the entire market capitalization of the Company as at the Latest Practicable Date. After the Dividend distribution, the Company's net assets will be RMB1,944,458,313 (equivalent to a total HK\$1,767,236,717) (being the Cash Consideration less the Special Dividend and the tax liability). The Company's net assets will be RMB1,944,458,313 (equivalent to a total HK\$1,767,236,717) (being the Cash Consideration less the Special Dividend and the tax liability). The Company's net assets will be RMB1,944,458,313 (equivalent to a total HK\$1,767,236,717) (being the Cash Consideration less the Special Dividend and the tax liability).

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## LETTER FROM THE BOARD

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It is estimated that the Group will record a one-off gain of approximately RMB3,657 million as a result of the Disposal, calculated by the difference of (i) the Cash Consideration, fair value of the 30% equity interest in Holdco as at 30 June 2019, contingent consideration receivable at the fair value of the right to use the trademark that were leased to the China Remainig B i e to be assigned by the Target Group to the Remainig Group; and (ii) the amount of the Target Group as at 30 June 2019 after deducting one-off costs and other expenses incurred in connection with the Disposal. Shareholders should be aware that the financial effect is highly sensitive to the actual amount of gain or loss as a result of the Disposal in relation to the above.

After completion of the Disposal, the total amount of the Company's equity to decrease by approximately RMB2,690 million. The liability of the Company's equity to decrease by approximately RMB2,388 million.

### 9. INTENDED USE OF PROCEEDS

The Cash Consideration is deemed to be RMB4,611,307,628, subject to certain contractual adjustments as set out in the Share Purchase Agreement. After deducting a certain amount, the estimated net proceeds from the Disposal will amount to approximately RMB4,277,078,750. The Company intends to use the net proceeds from the Disposal for the following purposes:

- (i) approximately 79.5% of the net proceeds from the Disposal, being approximately RMB3,398,226,368 (equivalent to approximately HK\$3,804,552,584), will be used for distribution of the Special Dividend to Shareholders (excluding a special dividend of HK\$0.9 per Share based on the number of qualified Shares of the Company at the Latest Practicable Date); and
- (ii) the remaining balance will be used for expanding the International B i e i c l d i g , a m o g m a t e s , b i l d i n g o t h e r e a s o n a b l e o p e r a t i o n f a c i l i t i e s .

No allocation is being made or is expected to be made for the Share Consideration to be listed or dealt on a stock exchange.

### 10. SPECIAL DIVIDEND

Subject to, among others, the approval of the Shareholders at the EGM and the Closing, the Board intends to declare a Special Dividend of HK\$0.9 per Share to the Shareholders who are members of the Company as recorded and deemed by the Company. Further announcement will be made by the Company in this regard as and when appropriate.

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## LETTER FROM THE BOARD

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### 11. LISTING RULES IMPLICATIONS

A more of the applicable Percentage Ratio calculated in respect of the Dividend is more than 75%, the Dividend is not a substantial dividend for the Company which is subject to these restrictions, a company, circular and shareholders' association agreement under Chapter 14 of the Listing Rules. The Company will comply with these requirements of the Listing Rules and a company, a subsidiary board committee, and a director in respect of financial advice for the Independent Shareholders at the EGM.

At the Last Practicable Date, ETIC, a substantial Shareholder of the Company holding a nominal 20.59% of the Company's issued Share, is a team leader of the Tagg Group of LED lighting, LED chip and LED packaging and manufacturing business of the Tagg Group and Lighting Holding is its affiliate, respectively, from time to time. In order to avoid a potential conflict of interest, ETIC will abstain from voting on the Share Purchase Agreement, all ancillary agreement to the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letter and the transaction contemplated hereunder at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as for ETIC, on the Shareholders are material interest in the Share Purchase Agreement, all ancillary agreement to the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letter and the transaction contemplated hereunder and is intended to abstain from voting at the EGM on the voting interest in the Share Purchase Agreement, all ancillary agreement to the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letter and the transaction contemplated hereunder.

Mr. Wang Donglei, who is currently the chairman and executive Director of the Company and a director of ETIC has abstained from voting on the Board resolution in relation to, among others, the Share Purchase Agreement, all ancillary agreement to the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letter and the transaction contemplated hereunder. Mr. Wang Dongming and Mr. Wang Keidong, being the brothers and sons of Mr. Wang Donglei, also abstained from voting on the Board resolution in relation to the same matter.

The declaration and commitment of the Special Dividend is subject to Shareholders' approval at the EGM. All Shareholders' interest in the Special Dividend is the same. Accordingly, no Shareholders are intended to abstain from voting on the resolution in relation to the Special Dividend at the EGM.

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## LETTER FROM THE BOARD

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### 12. EGM

The EGM will be convened and held for Shareholders to consider and, if thought fit, approve: (i) the Share Purchase Agreement, all ancillary agreements to the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letters and the transaction contemplated hereunder; and (ii) the Special Dividend.

A notice convening the EGM to be held at The District Club, South West Tower, Conventio Plaza, 1 Harbour Road, Wanchai, Hong Kong on Monday, 18 November 2019 at 10:00 a.m. in respect of EGM-1 to EGM-3 of this circular. A form of proxy for the EGM is also enclosed. Such form of proxy is also published on the website of Hong Kong Exchange and Clearing Limited (<http://www.hkex.com.hk>) and the Company (<http://www.c-lighting.com.c>).

Whereas the Shareholders are able to attend the EGM, they are requested to complete and sign the enclosed form of proxy in accordance with the instructions set out hereunder and return it to the Company's Hong Kong branch registrars, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 10:00 a.m. on Saturday, 16 November 2019). To be effective, all forms of proxy must be lodged with Computershare Hong Kong Investor Services Limited before the deadline. Completion and deposit of the form of proxy will constitute a declaration by the Shareholders from the date of signature on the EGM if they so wish.

### 13. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 13 November 2019 to Monday, 18 November 2019 (both dates inclusive) and from Friday, 22 November 2019 to Monday, 25 November 2019 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for attendance at the EGM, all transfer documents accompanied by the relevant share certificate must be lodged with the Company's Hong Kong branch registrars, Computershare Hong Kong Investor Services Limited, Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Tuesday, 12 November 2019. In order to qualify for the proposed Special Dividend, all transfer documents accompanied by the relevant share certificate must be lodged with the Company's Hong Kong branch registrars, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on Thursday, 21 November 2019.

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## LETTER FROM THE BOARD

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### 14. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The independent committee of the Board comprising Mr. Lee Kog Wai, Chairman, Mr. Wang Xia, Mr. Wei Hong and Mr. S. Li, has been established to advise on (i) the Share Purchase Agreement, all ancillary agreements to the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letters and the transaction contemplated hereunder and (ii) call the EGM.

Gram Capital has been appointed as the Independent Financial Adviser to provide advice and recommendations to the Independent Board Committee and the Independent Shareholders in connection with the Share Purchase Agreement, all ancillary agreements to the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letters and the transaction contemplated hereunder.

### 15. RECOMMENDATIONS

Yours attention is drawn to the letters from the Independent Board Committee on 20 August 2014 and 21 August 2014 of this circular which contain its recommendations to the Independent Shareholders on (i) the Share Purchase Agreement, all ancillary agreements to the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letters and the transaction contemplated hereunder, and (ii) call the EGM. Yours attention is also drawn to the letters of advice from Gram Capital on 21 August 2014 and 22 August 2014 of this circular which contain its advice to the Independent Board Committee and the Independent Shareholders in relation to the Share Purchase Agreement, all ancillary agreements to the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letters and the transaction contemplated hereunder.

The Director (including the independent Director) considers the Share Purchase Agreement, all ancillary agreements to the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letters and the transaction contemplated hereunder, although call the extraordinary general meeting of the Company, are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

The independent Director, after taking into consideration the advice of the Independent Financial Adviser, considers that (i) the Share Purchase Agreement, all ancillary agreements to the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letters and the transaction contemplated hereunder are on normal commercial terms and are fair and reasonable on behalf of the Independent Shareholders as a whole; and (ii) the Directors in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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Accordingly, the Directors (including the independent Directors) recommend the Shareholders to exercise of the resolution to be proposed at the EGM to consider and, if thought fit, approve the Share Purchase Agreement, all ancillary agreements of the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letters and the transaction contemplated hereby.

The Directors consider that the Special Dividend is in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to exercise of the ordinary resolution to approve the Special Dividend at the EGM and at the meeting of EGM.

**Warning: The payment of the Special Dividend is subject to, among others, approval of the Shareholders at the EGM and the Closing. The Closing is conditional on certain conditions precedent being fulfilled. Accordingly, the Disposal and the Special Dividend may or may not materialize. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

Yours faithfully,  
For and on behalf of the Board  
**NVC Lighting Holding Limited**  
**WANG Donglei**  
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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the advice of Gram Capital and its recommendation in relation thereto, we consider that (i) the terms of the Share Purchase Agreement, all ancillary agreements to the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letter and the transaction contemplated therein are on normal commercial terms and are fair and reasonable on a fair and equitable basis to the Independent Shareholders as a whole; and (ii) although the Share Purchase Agreement, all ancillary agreements to the Share Purchase Agreement (including the Agreed Form of the Shareholders' Agreement), the Amendment Letter and the transaction contemplated therein are required in the ordinary and usual course of business of the Group, the benefits thereof to the Company and the Shareholders as a whole. Accordingly, we recommend that you vote in favour of the resolution of the Board of Directors of the Company at the EGM.

Yours faithfully,  
Independent Board Committee of  
**NVC Lighting Holding Limited**  
**LEE Kong Wai, Conway**  
**WANG Xuexian**  
**WEI Hongxiong**  
**SU Ling**

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The Company has established the Independent Board Committee comprising Mr. Lee Kog Wai, Chairman, Mr. Wang Xiaojia, Mr. Wei Hongyong and Mr. Song (all being independent non-executive Directors) to advise the Independent Shareholders on (i) whether the terms of the Dividend (including the transaction contemplated under the Independent Shareholders' Agreement) are on normal commercial terms and are fair and reasonable; (ii) whether the Dividend (including the transaction contemplated under the Independent Shareholders' Agreement) is in the interest of the Company and the Shareholders as a whole and is consistent with the articles and the bye-laws of the Company; and (iii) how the Independent Shareholders should exercise their vote on the resolution to approve the Dividend (including the transaction contemplated under the Independent Shareholders' Agreement) at the EGM. We, Gam Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## INDEPENDENCE

During the past one year immediately preceding the Latest Practicable Date, Mr. Graham Lam is the controlling officer (i) the officer let from the independent financial adviser contracted to the Company's circular dated 30 June 2018 in respect of the acquisition of 60% equity interest in Blue Light (HK) Trading Co., Limited and 5% equity interest in White NVC Lighting E-Commerce Limited; and (ii) the officer let from the independent financial adviser contracted to the Company's circular dated 10 October 2018 in respect of the acquisition of the entire equity interest in Elec-Tech Solid Lighting (HK) Limited. As the afore said at

contained in the Circular, or the reasonable effect of the omission is evidenced by the Company, its directors and/or the Directors, which have been provided to you. Our omission is based on the Directors' representation and confirmation that there is no undisclosed material agreement or arrangement or implied data dig which has or could have a material effect on the company's financial performance or position in compliance with Rule 13.80 of the Listing Rules.

We have also made a independent valuation of the assets and liabilities of the Group as at the Target Completion date and have been furnished with a check valuation of assets, a balance sheet for the valuation as at the Target Completion (the **Valuation Report**) prepared by JLL which is contained in Appendix V of the Circular. Since we are not in the valuation of the balance sheet, we have relied solely on the Valuation Report for valuation of the Target Completion as at 31 December 2018 (the **Valuation**).

The Circular, for which the Directors collectively and individually accept full responsibility, includes material information in compliance with the Listing Rules for the purpose of giving information in regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and does not contain any untrue or misleading statements or omissions which would make a statement false or misleading. We, as the Independent Financial Advisors, take no responsibility for the content of any part of the Circular, as a balance sheet for this letter of advice.

We confirm that we have been provided with sufficient information to each of our independent advisers as to the reasonable basis of our opinion. We have also, however, conducted an independent investigation into the business and affairs of the Company, LED Holding, the PSCs, Holdco, Lighting Holding II, the Target Completion or their respective subsidiaries or associates, or have conducted the valuation in reliance on the Group or the Shareholders' advice of the Target Completion. Our omission is based on the financial, economic, market and other conditions in effect and the information made available to us at the Last Practicable Date. Shareholders should not be misled by the delisting of the independent-7335-a dfe

# LETTER FROM GRAM CAPITAL

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In this regard, in order to provide a fair and objective view of the Transaction, we have taken into consideration the following principal factors and reasons:

### 1. Background of and reasons for the Transactions

#### *Information of the Group*

With reference to the Board Letter, the Company is a leading provider of lighting products in China (including the Mainland China, Hong Kong and Macao Special Administrative Region). In design, development, production, marketing and sales of lighting products, it has a strong focus on energy-saving products. As at the Latest Practicable Date, the Group is principally engaged in the design, development, production, marketing and sale of lighting products and certain other lighting products in both the China market and international market.

Set out below are the consolidated financial information of the Group for the immediate ended 30 June 2018, the immediate ended 30 June 2019 and the corresponding 31 December 2018 as extracted from the Company's interim report for the immediate ended 30 June 2019 (the **2019 Interim Report**) and also set out for the corresponding 31 December 2018 (the **2018 Annual Report**):

	For the year ended 31 December 2018 MB'000 ( )	For the year ended 31 December 2017 MB'000 ( )	Year on year change %
Revenue	4,904,848	4,063,163	20.72
– <i>D</i> <i>C</i>	3,286,304	2,543,813	29.19
– <i>I</i> <i>C</i>	185,150	280,852	(34.08)
– <i>D</i> – <i>C</i>	342,868	266,481	28.67
– <i>I</i> – <i>C</i>	1,090,526	972,017	12.19
Group profit	1,478,288	1,172,858	26.04
Profit/(loss) for the year	(302,336)	331,600	N/A

As derived from the table above, the Group recorded revenue of a nominal RMB4.90 billion for the year ended 31 December 2018 (**FY2018**), representing a increase of a nominal 20.72% as compared to that for the year ended 31 December 2017 (**FY2017**).

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## LETTER FROM GRAM CAPITAL

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Revenue from PRC (i.e. domestic NVC brand add-on-NVC brand) amounted to a total of RMB3.63 billion for FY2018, representing a total of 29.14% compared to that for FY2017. With effect from the 2018 Annual Report and advised by the Director, the increase is mainly due to (i) the acquisition of e-commerce business in FY2018 (the effect of online channel is reflected in the increase in the sales volume of NVC brand); (ii) the increase in the number of sales orders for on-NVC brand LED lighting electronic products; and (iii) the sales volume of on-NVC brand from the acquisition of ETI Solid State HK during FY2018 (due to the acquisition of the revenue from the North America market, ETI Solid State HK also generated revenue from PRC during FY2018).

Revenue from international market (i.e. international NVC brand add-on-NVC brand) amounted to a total of RMB1.28 billion for FY2018, representing a total of 1.82% compared to that for FY2017. With effect from the 2018 Annual Report and advised by the Director, the increase is mainly due to the acquisition of ETI Solid State HK during FY2018, which provided access to the North America market and increased the overall sales volume of on-NVC brand; and a balanced decrease in the sales volume of NVC brand.

The Group's gross profit margin slightly increased from a total of 28.87% in FY2017 to a total of 30.14% in FY2018. With effect from the 2018 Annual Report, the increase in gross profit margin is mainly due to the change in the product sales structure, the gradual adjustment of the price policy for customers to improve the gross profit margin and the effect of the acquisition of bidiasie. For FY2018, the Group recorded gross profit of a total of RMB1.48 billion, representing a total of 26.04% compared to that for FY2017.

The Group recorded loss of a total of RMB302.34 million for FY2018 compared to profit of a total of RMB331.60 million for FY2017. With effect from the 2018 Annual Report and advised by the Director, the loss is mainly due to the loss from profit to loss mainly due to the impairment of other receivable and provision for loan loss from financial guarantee contracts in connection with the loss.

**LETTER FROM GRAM CAPITAL**

	<b>For the six months ended 30 June 2019 MB'000 ( )</b>	<b>For the six months ended 30 June 2018 MB'000 ( )</b>	<b>Year on year change %</b>
Revenue	2,696,922	1,973,936	36.63
- Domestic	1,655,598	1,213,938	36.38
- International	86,472	93,595	(7.61)
- Domestic - Commercial	141,238	133,967	5.43
- International - Commercial	813,614	532,436	52.81
Gross profit	901,654	542,651	66.16
Profit for the period	393,216	101,641	286.87

The Group recorded revenue of a total RMB2.70 billion for the month ended 30 June 2019 (HY2019), representing a decrease of a total 36.63% as compared to that for the month ended 30 June 2018 (HY2018).

Revenue from PRC (i.e. domestic NVC brand and O-NVC brand) amounted to a total RMB1.80 billion for HY2019, representing a decrease of a total 33.31% as compared to that for HY2018. With effect of the 2019 ITIM Report and advised by the Director, the decrease is mainly due to (i) the decrease contribution of NVC brand from the e-commerce business and (ii) the decrease in the volume of sales for O-NVC brand LED lighting products and lighting electronic products.

Revenue from international market (i.e. international NVC brand and O-NVC brand) amounted to a total RMB900.09 million for HY2019, representing a decrease of a total 43.78% as compared to that for HY2018. With effect of the 2019 ITIM Report and advised by the Director, the decrease is mainly due to the decrease contribution of O-NVC brand from the e-commerce business; and a balanced decrease in sales of NVC brand.

The Group's gross profit margin increased from a total 27.49% in HY2018 to a total 33.43% in HY2019. With effect of the 2019 ITIM Report, the increase in gross profit margin is mainly due to (i) the impact of the acquisition of Bidiasie, which led to a decrease in the overall gross profit margin due to the increase in the ratio of e-commerce products with high gross profit margin; (ii) the effectiveness of the Group's cost reduction efforts; and (iii) the combined effect of the total change of product sales. For HY2019, the Group recorded gross profit of a total RMB901.66 million, representing a decrease of a total 66.16% as compared to that for HY2018.



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## LETTER FROM GRAM CAPITAL

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The Group recorded profit of a total RMB393.22 million for HY2019, representing an increase of a total 286.87% compared to that for HY2018. With reference to the 2019 Interim Report and advised by the Director, the increase in profit is mainly due to (i) the increase in net income, gross profit margin and gross profit for HY2019 compared to HY2018; and (ii) the gain on disposal of a subsidiary.

As at 30 June 2019, the Group had cash and cash equivalents and other assets of a total RMB763.32 million and RMB3.58 billion respectively.

### *Information of LED Holdings*

With reference to the Board Letter, LED Holding is a company incorporated in Hong Kong with limited liability. It is a wholly owned subsidiary of the Group. As at the Latest Practicable Date, LED Holding is a wholly owned subsidiary of the Company.

### *Information of the Purchaser, Holdco and Lighting Holdings II*

With reference to the Board Letter:

- (i) the Purchaser is a company incorporated in Singapore with limited liability. It is a wholly owned subsidiary of the Company;
- (ii) the Holdco is a private limited company incorporated in Singapore. It is a wholly owned subsidiary of the Company. The Holdco owned, directly or indirectly, 100% of the share capital of the Purchaser as at the Latest Practicable Date;
- (iii) Lighting Holding II is a private limited company incorporated in Singapore, and is a wholly owned subsidiary of the Company controlled by KKR Asia Fund III L.P. KKR Asia Fund III L.P. is advised and managed by affiliate of KKR & Co. L.P. (together with its affiliate, **KKR & Co.**). KKR & Co. is a leading global investment firm that manages multiple alternative asset classes, including private equity, infrastructure, real estate and credit, with strategic assets that manage hedge funds. Lighting Holding II is the sole shareholder of the Holdco as at the date of the Share Purchase Agreement; and
- (iv) to the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Purchaser, Lighting Holding II and the former are not a subsidiary of Lighting Holding II as at the date of the Company's incorporation.

***Information of the Target Group***

With reference to the Board Letter, the Target Group consists of each of the Target Companies and the companies in which each of the Target Companies holds an interest (as well as the interest of the Target Companies). The Target Group consists of all engaged in the China NVC-Lighting Business. Further information of the Target Group is set out in the equity headed INFORMATION OF THE TARGET GROUP of the Board Letter.

Set out below is the audited financial information of the Target Group as extracted from the Board Letter:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2017</b>
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## LETTER FROM GRAM CAPITAL

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- (d) the foregoing investment is bid to be the Target Group and Remainig Group to each other a casual et hoc agreement account be the Target Group and Remainig Group on 31 December 2017 and 2018 for the purpose of payment of financial ratio of the Target Group and on 1 January 2017 and 2018 for the purpose of payment of ratio of the Target Group ;
- (e) the financial ratio is taking into account the gain ratio arising from the reorganization and the selection of reorganization, if any; and
- (f) the dividend financial ratio of investment to amount of investment in the Remainig Group on 1 January 2017 and 2018 and dividend FY2017 and FY2018, if any.

### *Reasons for and benefits of the Transactions and use of proceeds*

With reference to the 2018 Annual Report, in the area of the global market, the emergence of LED lighting is a direct result of the emergence of LED lighting, and the LED lighting market has offered a strategic growth opportunity to PRC LED lighting enterprises. As mentioned in the Board Letter, the Group has established its global sales and distribution network in Europe, Asia, Middle East, South America and Southeast Asia. We learned from the Company's announcement dated 11 November 2018 that the Company completed the acquisition of 100% equity interest in Elec-Tech Solid State Lighting (HK) Limited (i.e. ETI Solid State HK). With reference to the circular of the Company dated 10 October 2018 in relation to the acquisition of ETI Solid State HK, ETI Solid State HK's principal business is in the design, manufacturing and sale of LED lighting products mainly to North America market.

With reference to the Board Letter, the acquisition of ETI Solid State HK is one of the major steps that the Group has taken to expand its market outside China. In addition to the acquisition of ETI Solid State HK, the Group successfully obtained the comprehensive and detailed authorization for the distribution of the Tohiba brand in Japan (the business model of which is a typical B to B equity headed Business Operation Strategy) and the equity headed REASONS FOR AND BENEFITS OF THE DISPOSAL of the Board Letter), which resulted in the successful breakthrough of the Group in the Japanese market. In the future, the Company is committed to develop its International Business.

As mentioned in the equity memo, the acquisition of ETI Solid State HK contributed to the Group's revenue growth for FY2018 (as compared to FY2017) and HY2019 (as compared to HY2018). For FY2018, revenue from international market increased by a nominal 1.82% as compared to that for FY2017; while for HY2019, revenue from international market increased by a nominal 43.78% as compared to that for HY2018.

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## LETTER FROM GRAM CAPITAL

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As further mentioned in the Board Letter, the Company has decided to shift its strategic focus to the Intelligent Biotech, more precisely need to be contributed to the overall business for its long-term development. Under such circumstance, the Directors of the Company believe that the strategic investment will be able to (i) re-allocate the management, capital and human resources originally in the China NVC-Lighting Biotech to the Intelligent Biotech after the Dividend, and (ii) receive considerable cash proceeds from the Dividend to make further investment in Intelligent Biotech. After the Dividend, the Remaining Group will be similarly engaged in: (i) the China Remaining Biotech; (ii) the China ODM Biotech; and (iii) the Intelligent Biotech. The Remaining Group may also add investment to the manufacturing, sale and distribution of certain household lighting products and items under the NVC brand in China as agreed with Lighting Holdings II.

According to the Board Letter, after deducting the acquisition cost and taxes, the estimated cash proceeds from the Dividend will amount to an estimated RMB4,277,078,750. The Company intends to set the cash proceeds from the Dividend for the following uses:

- (i) an estimated 79.5% of the cash proceeds from the Dividend, being an estimated RMB3,398,226,368 (equivalent to an estimated HK\$3,804,552,584), for distribution of the Special Dividend to Shareholders; and
- (ii) the remaining balance for the Intelligent Biotech including, among matters, building production facilities.

As mentioned above, the Company intends to allocate an estimated HK\$3,804,552,584 for distribution of the Special Dividend to Shareholders. Such amount represents an estimated 128.57% of the Company's market capitalization of HK\$2,959,096,454 as at 9 August 2019, being the latest trading date prior to the effective date of the Share Purchase Agreement (based on 4,227,280,649 the total issued shares of the Company at the closing price of HK\$0.7 per Share as quoted on the Stock Exchange on 9 August 2019). We consider that the distribution of Special Dividend is beneficial to the Shareholders.

According to the Board Letter, an estimated 20.5% of the estimated cash proceeds from the Dividend (an estimated RMB878,852,382, being the Cash Consideration after deducting the Special Dividend, the tax and acquisition cost and taxes) will be used for further investment in the Company's Intelligent Biotech. Currently, the Group's Jiangha Factory (located in Jiangha, Zhejiang), Shanghai Factory (located in Shanghai) and Zhuhai Factory (located in Zhuhai, Guangdong) produce products for the Intelligent Biotech on a sole basis. The Group is currently acquiring a production line of LED lighting products in Southeast Asia. Furthermore, the Company intends to establish Intelligent Biotech through merger and acquisition. The Company is currently

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## LETTER FROM GRAM CAPITAL

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i h t h e G o ' e i t i g t a e g .

H a i g c o i d e d t h e a b o e , i a t i c l a , t h a ( i ) i t i t h e G o ' t a e g t o  
d e l o i I t a i o a l B i e ; ( i i ) t h e b t a t i a l i a e a e i t h e G o ' s e e e  
f o m i t a i o a l m a k e i H Y 2 0 1 9 ( a c o m a e d t o H Y 2 0 1 8 ) , h i c h i c o i t e t i h  
t h e G o ' t a e g t o d e l o i I t a i o a l B i e ( i i i ) t h e D i o a l i a t e o f  
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R M B 8 7 8 , 8 5 2 , 3 8 2 f o m t h e D i o a l ( a f a d e d q i g t h e S e c i a l D i d e d , t h e  
t a a q i o c o t a d t a e ) i l l b e e d t o i e t i t h e C o m a ' I t a i o a l  
B i e ; a d ( i ) t h e S e c i a l D i d e d c a b i g o i i e a e t o t h e S h a e h o l d e , e  
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c o t e m l a e d d e t h e a c i l l a S h a e h o l d e ' A g e e m e t ) i a c o d e d i t h e  
a d i a a d a l c o e o f b i e o f t h e G o , i i i t h e i t a e t o f t h e C o m a  
a d t h e S h a e h o l d e a a h o l e .

## 2. Principal terms of the Transactions

### *The Share Purchase Agreement*

S e o t b e l o a e s i c i a l t a m a d c o d i o o f t h e S h a e P a c h a e A g e e m e t  
a e t a e d f o m t h e B o a d L e t a :

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- (1) t h e C o m a ( a e l l a ) ;
- (2) L E D H o l d i g ( a e l l a ) ;
- (3) t h e P a c h a a ( a a c h a a ) ;
- (4) H o l d c o ( a t h e o l e h a e h o l d e o f t h e P a c h a a ) ; a d
- (5) L i g h t i g H o l d i g I I ( a t h e o l e h a e h o l d e o f t h e H o l d c o )

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## LETTER FROM GRAM CAPITAL

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/C ,

Once closing, the PSCA will acquire 100% of the issued share capital of each of the Target Companies. In consideration, the PSCA will pay a RMB4,611,307,628, subject to certain adjustable in accordance with the Share Purchase Agreement (i.e. the Cash Consideration) to the Company and Holdco will receive a certain share of Holdco of the Company representing 30% of the total issued share capital of Holdco on a fully-diluted basis (i.e. the Share Consideration) (with the remaining 70% to be held by Lighting Holding II). The Share Consideration is valued at RMB947,703,269 and will be paid to (1) Holdco will receive 100% of the share capital in all Target Companies; and (2) Holdco and the PSCA will have a level of long-term indebtedness of RMB2,400,000,000. Therefore, the Total Consideration that will be received by the Company once closing shall be equal to RMB5,559,010,897, i.e., being the aggregate of the Cash Consideration and Share Consideration, subject to certain optional adjustments applicable to the Share Purchase Agreement.

To fulfill the acquisition of 70% equity in the Target Companies, Holdco and the PSCA (as the case may be) will raise an equity capital of RMB2,211,307,628 (the **Capital**) and the equity raised shall be used to pay the RMB2,400,000,000 of long-term indebtedness (the **Indebtedness**). Once closing, if Holdco, in default through the PSCA, borrows an amount, after maturity (i) cash of the PSCA and (ii) financing cost, in excess of RMB2,400,000,000 due to acquisition facilities, the value of the Share Consideration will decrease. In order to compensate for each decrease of the value of the Share Consideration, the PSCA will increase the amount of the Cash Consideration by the same amount (the **Adjustment Arrangement**) of that the Total Consideration to be received by the Company once closing shall remain the same, being RMB5,559,010,897.

Immediately after closing, the Company and Lighting Holding II will receive 30% and 70% of the share capital in Holdco. Holdco will, in default or in default, own 100% of the share capital in the PSCA. The PSCA will own 100% of the share capital in each of the Target Companies.

The Cash Consideration will be paid in full in cash by the PSCA to the Company in USD at a exchange rate of RMB7.0039 to USD1.00 on the Closing Date. The Share Consideration will be paid to the Company on the Closing Date.

With reference to the Board Letter, the consideration for 70% equity in the Target Companies is initially agreed at RMB3,891,307,628 (i.e. the Initial Consideration) based on commercial disclosure by the Company and the PSCA. The Company referred to the preliminary Valuation of the Target Companies as at 31 December 2018 conducted by JLL adopted in the market approach as the basis of consideration for disposal of 100% equity in the Target Companies.

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## LETTER FROM GRAM CAPITAL

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As further mentioned in the Board Letter, in determining the Initial Consideration, the Director considered (a) that the Target Group recorded a profit of approximately RMB355 million for FY2018, implying a price-earnings multiple of 15.66 which fell within the range of price to earnings ratio (PER) of the comparable companies (i.e. Comparable Companies) whose financials are similar to that of the Target Group and (b) the Valuation of the Target Group conducted by the JLL adopted the market approach.

According to the Valuation Report, the Valuation as at 31 December 2018 is approximately RMB4,131,041,000.

For our due diligence review, we reviewed and relied on (i) the terms of engagement of JLL in the Company; (ii) JLL's qualification and independence in relation to the preparation of the Valuation Report; and (iii) the terms and due diligence measures taken by JLL for conducting the Valuation. From the management's and other relevant information provided by JLL and based on our interview with them, we are satisfied with the terms of engagement of JLL and their qualification and independence for the preparation of the Valuation Report. JLL also confirmed that the fee is dependent on the Group and the Target Company.

The Valuation Report is prepared by JLL using market approach. According to the Valuation Report, JLL conducted the valuation in accordance with IFRS 13 Fair Value Measurement and take into account the International Valuation Standards issued by the International Valuation Standards Board. In particular, the International Valuation Standards require, among others, the application and consideration of the financial approach approaches (i.e. the market approach, the income approach and the cost approach), and the key consideration in the election of the approach method. Based on the Valuation Report and advised by the Valuer, given that (i) there is no recorded contract in the Target Group's financials, and the management of the Company could provide reliable amount of financial-economic information, forecast of the reliable financial flow and the income approach is not available; and (ii) the cost approach does not require information about the economic benefit contributed by the business (such as e-commerce platform of the target business), JLL elected the market approach in determining the Valuation. As confirmed by JLL, market approach is one of the commonly adopted approaches for valuation of companies and also consistent with normal market practice.

We further reviewed and relied on JLL on the methodology adopted and the basis and assumptions adopted in assigning the Valuation in order for us to conduct the Valuation Report. For detail of key assumptions of the Valuation, please refer to the report headed MAJOR ASSUMPTIONS in Appendix V of the Circular.

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## LETTER FROM GRAM CAPITAL

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We request that JLL confirm that the material which includes the PER, the price to book ratio (PBR) and the price to sales ratio (PSR) for the issue of the Valqio. JLL reached for listed companies in the main board/SME board of Shanghai Stock Exchange, Shenzhen Stock Exchange and the Stock Exchange, which are engaged in the design, manufacturing and commercial lighting products and especially focus on the lighting products in China (including imported materials). Details of the Comparable Companies are set out in Appendix V of the Circular.

For our due diligence review, we referred to JLL regarding the basis for the selection of the Comparable Companies. Having considered the following factors:

- (i) the existence and ratio of JLL;
  - (ii) the Valqio Report as issued by JLL in accordance with IFRS 13 Fair Value Measurement and take into account the International Valqio Standard issued by the International Valqio Standard Council;
  - (iii) as advised by JLL, JLL did compare the selected Comparable Companies which meet the above selection criteria; and
- (i) we reached our objective of Shanghai Stock Exchange, Shenzhen Stock Exchange and the Stock Exchange; and we issued the letter also set out the Comparable Companies. Based on our independent research, the Comparable Companies are engaged in the same industry as the Target Group (i.e. the lighting industry),

we consider the selection criteria of the Comparable Companies to be fair and reasonable and do not do harm to the fair and reasonable interests of the Comparable Companies.

In addition, we also request that JLL disclose a discount of 14.9% for lack of marketability in the issue of the Valqio. As advised by JLL, a discount for lack of marketability (DLOM) is a method used to calculate the value for the held and restricted shares. The reason behind DLOM in the discount is that because the value of a company's marketable stock and non-marketable stock. As the Target Company is a listed company, the ability to convert the shares into cash is a key factor in the listed company. As such, a valuation should be applied.

With reference to the Valqio Report, JLL referred to the article Discount for Lack of Marketability, Job Aid for IRS Valqio Professionals 2009 to derive the DLOM (for details, please refer to the report headed DISCOUNT FOR LACK OF MARKETABILITY of Appendix V of the Circular). Since the Target Group's revenue in FY2018 is about \$100 million US dollars, a discount of 14.9% is used as a basis for DLOM at the valuation date. Having considered the above and that JLL conducted



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## LETTER FROM GRAM CAPITAL

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the valuation in accordance with IFRS 13 Fair Value Measurement and take into account the Initial Valuation Standard issued by the Initial Valuation Standard Council, including the application of DLOM to be fair and reasonable.

During discussions with JLL, we have identified a major factor which caused the fair value and reasonable of the methodology, financial base, assumptions and parameters adopted for the Valuation.

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The following is a summary of the Board Letter, the Director advised that:

- (i) The consideration for 70% equity in the Target Company is initially agreed at RMB3,891,307,628 (i.e. the Initial Consideration) based on commercial decision in respect of the Valuation.
- (ii) To fulfill the acquisition of the Target Company, Holdco and the PSC (as the case may be) will raise capital of RMB2,211,307,628 (i.e. the Capital) and incur long-term indebtedness of RMB2,400,000,000 (i.e. the Indebtedness).
- (iii) After the Company will own 30% of the share capital of Holdco immediately after Closing, the Company will be indirectly owned by 30% of the Indebtedness (i.e. RMB720,000,000). Accordingly, the Cash Consideration should be 30% of the Initial Consideration and the 30% of the Indebtedness (i.e. RMB3,891,307,628 + RMB720,000,000 = RMB4,611,307,628).
- (iv) Given the Capital of RMB2,211,307,628, the Share Consideration (i.e. equity 30% of the total issued share capital of Holdco immediately after Closing) is valued at RMB947,703,269 (i.e. RMB947,703,269 / (RMB2,211,307,628 + RMB947,703,269) = 30%).

Having considered the above and:

- (a) the Total Consideration of RMB5,559,010,897 represents a premium of approximately 34.57% of the Valuation of RMB4,131,041,000;
- (b) the Initial Consideration of RMB3,891,307,628 represents a premium of approximately 34.57% of 70% of the Valuation (i.e. a premium of RMB2.89 billion);
- (c) our due diligence work on the Valuation assumptions above;

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## LETTER FROM GRAM CAPITAL

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(d) the Adjusted Asset Capital shall be that the Total Consideration to be received by the Company and Closing shall remain the same, being RMB5,559,010,897 and after deducting the Group's interest in the extent that the Indebtedness exceeds RMB2,400,000,000,

each of the terms of the Total Consideration is fair and reasonable.

### *Other principal terms*

**Permitted dividend:** Before Closing, the Target Company will be permitted to declare and distribute to the Company a cumulative amount dividend of a maximum of RMB300,000,000 in respect of its profit for the year of 2019.

**Consideration adjustment:** If, before 31 December 2018 and the Closing Date, a leakage of value from the Target Company occurs, the Cash Consideration will be reduced on a dollar-for-dollar basis to come equal to the Purchase Price for the value which has been leaked to the Company or cost of its liability. Leakage is defined in detail in the Share Purchase Agreement, but can be a payment, a payment in kind, or other a form of economic value from the Target Company to, on behalf of, or for the benefit of the Company, LED Holding or a member of the seller's group of associated companies (including the Target Group).

**Additional liability if cash not paid:** If the Target Group's Net Adjusted Cash Amount falls below RMB300,000,000 at a time before Closing and the date of the month after Closing, Light Holding II shall have a right of additional liability if cash not paid and if Light Holding II exercises the right, Light Holding II and the Company will be obliged to inject 70% and 30% of the cash fall (excluding) into Holdco in the form of additional liability. In fact, Holdco will inject additional cash to Light Holding II and the Company and since cash has been all of the cash has a high the Share Consideration is paid.

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## LETTER FROM GRAM CAPITAL

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**Break Fee:** If the Share Purchase Agreement is terminated by the Company in the event that: (i) all of the Conditions Precedent have been satisfied or waived by the Purchaser fail to fulfill its obligations under the Agreement; or (ii) the Purchaser fails to submit the application to SAMRO or before 30 August 2019, the Purchaser has agreed to pay the Company a break fee of RMB300 million.

If the Share Purchase Agreement is terminated by the Purchaser in the event that all of the Conditions Precedent have been satisfied or waived by the Company fail to fulfill its obligations under the Agreement, the Company has agreed to pay the Purchaser a break fee of RMB300 million.

**Anti-Embargoment:** If the Company fails to take place due to the Shareholder Approval Conditions or being satisfied and, within a month of the date of the EGM, the Company, directly or indirectly, more than 50% of the share of at least one of the three Target Companies, the Company will be required to pay to the Purchaser an amount equal to 70% of half of the liquidation value for the share in the economic value (as compared to the liquidation value of the same ratio of share in the liquidation value of the Target Companies).

**Non-competition:** The Company shall, and shall take to ensure that no member of the Remaining Group shall, directly or indirectly, participate or be engaged or interested in (including investing in, or providing financial assistance to, or otherwise engaged or financially interested in) a Target Business in the PRC for a period of five (5) years after the Closing Date. However, the Company and its members of the Remaining Group may:

- (1) on or after the date which it or (2) on or after the Closing Date, acquire a business which has a small degree of overlap with the Target Business (less than 30% of its assets attributable to the combined company of the acquired business);
- (2) purchase a business, have a similar interest in a limited extent that does not exceed 5% of the total assets, have a similar interest of that extent;

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## LETTER FROM GRAM CAPITAL

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(3) on or after the date which it is to (2) be after the Closing Date, established as Target Business in the PRC with 70% of its net assets from manufacturing and distribution of products for marketing outside the PRC; and

(4) carry on a China ODM Business.

For a detailed description of the Share Purchase Agreement, please refer to the equity headed THE SHARE PURCHASE AGREEMENT of the Board Letter.

For sound diligence reasons, we reviewed 5 substantial directors and a director considered/appointed by the company listed on the Stock Exchange from 11 August 2018 to 10 August 2019 (being the period before the signing of the Share Purchase Agreement). We considered the period to be fair and reasonable and can demonstrate that a director of the company is similar to the Director considered by the company in the immediate time before the signing of the Share Purchase Agreement. We noted that the director (i) has a relationship to the company as a general director, (ii) is a director of the company as a general director, (iii) is a director of the company, and (iv) is a director of the company.

Having considered the above and that (i) as advised by the Director, the director of the Share Purchase Agreement is deemed as a 'large equity holder' by the Company and the Director; and (ii) the Total Consideration and the Initial Consideration is a semi-majority of a share of 34.57% of the Valuation and 70% of the Valuation is equal, we consider that the Director that the director of the Share Purchase Agreement is a normal commercial transaction and is fair and reasonable.

### The Shareholders' Agreement

We therefore set out the Board Letter, the Company, Lighting Holding II and Holdco shall enter into the Shareholders' Agreement of the Closing Date to go into the relationship of the Company and Lighting Holding II as shareholders of Holdco. Set out below are the material and conditions of the Shareholders' Agreement as set out from the Board Letter:

Parties:

- (1) Lighting Holding II;
- (2) the Company; and
- (3) Holdco.

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## LETTER FROM GRAM CAPITAL

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**Board of directors (the Board Appointment):** The board of directors of Holdco shall consist of 5 directors. Lighting Holding II shall have the right to appoint 3 directors and the Company shall have the right to appoint 2 directors.

**Transfer restriction (the Transfer Restriction):** Without the prior written consent of the other party, either the Company or Lighting Holding II may not transfer any of its shares in Holdco to:

- (a) a third party (other than a affiliate) before the fourth anniversary of the Closing Date; or
- (b) certain restricted transferees or their affiliates, during the period between the fourth anniversary of the Closing Date and the fifth anniversary of the Closing Date.

**Right of first offer (the Right of First Offer):** Subject to the restrictions set forth in the Shareholders' Agreement, if the Company is to sell all or a portion of its shares in Holdco to a third party (other than a affiliate), the Company shall first offer to Lighting Holding II the right to acquire such shares at a price no lower than the Company. If Lighting Holding II accepts such offer, the Company shall sell such shares to Lighting Holding II. If Lighting Holding II does not accept such offer, the Company shall have the right to sell such shares to a bona fide third party at a price no lower than the same or more favorable to the Company than the offer made to Lighting Holding II within a period of 12 months after the offer to Lighting Holding II.

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## LETTER FROM GRAM CAPITAL

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Right of first offer related  
to Intellectual Property  
B i e :

When the Company is required to sell a part of its  
intellectual property in which, in addition all or  
the aggregate, represents 60% or more of the total  
value of the intellectual property in the most  
recent financial statement (whether that is a  
affiliate), the Company shall first offer Holdco the right to  
acquire such intellectual property at a price  
suggested by the Company. If Holdco accepts such offer,  
subject to the right of the minority shareholders in such  
intellectual property, the Company shall sell  
such intellectual property to Holdco. If Holdco  
does not accept such offer, the Company shall have the  
right to sell such intellectual property to a bona  
fide third party at a price determined by the  
same or more favorable to the Company than the  
offer to Holdco within a period of 12 months after the  
offer to Holdco.

Pre-emptive right:

If Holdco is required to issue securities (including  
preferred, convertible, convertible preferred), each of the  
Company and Lighting Holding II, as the shareholders of  
Holdco, shall have the right to subscribe for a proportionate  
ratio of the securities available to it have  
on their acceptance in Holdco.

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## LETTER FROM GRAM CAPITAL

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Drag along:

If Light Holding II is a former holder of 50% of the capital of Holdco (or has had a 50% ownership interest in Holdco at any time following 48 months after the Closing Date, Light Holding II shall have the right to exercise each of the rights of Holdco (i.e. the Drag Shareholder) to take a special dividend of the assets of Holdco on the terms and conditions of a dividend of Light Holding II in the form of a dividend of Holdco, as defined,

- (a) during the period commencing on the date which is 48 months after the Closing Date and ending on the fifth anniversary of the Closing Date, Light Holding II may exercise each drag-along right if the conditions in these paragraphs shall be satisfied in whole or in part by the aggregate amount of: (i) the price which the Shareholder is to receive, whether by way of cash, stock, or other consideration, in connection with the sale of the company, or by way of a merger, consolidation, or other business combination, or by way of a recapitalization, reclassification or similar event occurring after the Closing Date (i.e. the Base Price), plus (ii) an amount set equal to the amount agreed in writing prior to the Base Price during the reference period, minus the cumulative amount of distributions (both of dividends and other) made to the relevant Drag Shareholder in the period commencing on the Closing Date and ending on the date of the relevant Drag Shareholder's receipt of the price of their shares in Holdco (each in full); and
- (b) during the period commencing on the date immediately after the fifth anniversary of the Closing Date and ending on the fifth anniversary of the Closing Date, Light Holding II may exercise each drag-along right if the conditions in these paragraphs shall be satisfied in whole or in part by the Base Price.

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**LETTER FROM GRAM CAPITAL**

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Tagalog:

If Lighting Holding II is one of the shareholders of the Company (which is a subsidiary of the Company), the Company shall have the right but not the obligation to acquire the shares of the Company from the shareholders of the Company if Lighting Holding II is one of the shareholders of the Company. The Company shall have the right to acquire the shares of the Company from the shareholders of the Company if Lighting Holding II is one of the shareholders of the Company and does not own more than 50% of the shares of the Company. The Company shall have the right to acquire the shares of the Company from the shareholders of the Company if Lighting Holding II is one of the shareholders of the Company.

Materiality: The Company and Lighting Holding II:

The Board of Directors of the Company and Lighting Holding II will be considered material related to the Company and its subsidiaries, including:

- (a) a public offering of a stock exchange in the PRC, which shall be a subsidiary of Lighting Holding II if it is a public offering of a company organized under the laws of the PRC or the Small and Medium-sized Enterprise Board of the Shanghai Stock Exchange of the PRC (A-Share Listing) or a subsidiary of the Company and a major financial metric (leave the following IPO below for further details);
- (b) a public offering of a stock exchange outside of the PRC or a trade sale of the business of the Company or a subsidiary of the Company within 48 months after the Closing Date;
- (c) the issuance of securities, which shall be limited to the issuance of securities to the Company or a subsidiary of the Company;
- (d) adopting or amending the articles of incorporation;
- (e) being a limited partner, acting as a director of a business or a partner for a amount greater than RMB100 million (aggregate) in a 12 month period;



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## LETTER FROM GRAM CAPITAL

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- (f) the right to contract or commitment in obligation liability or the debt securities of RMB80 million;
- (g) a basis of the right of the mortgage of the certain committed basis;
- (h) the right to the debt, aggregate, the debt of RMB140 million in the calendar year;
- (i) a merger, division or reorganization (here the right of the reorganization in the consolidation of the subsidiary of Holdco and subsidiary of the company);
- (j) a financial aid, a liability, a receipt or administration, Holdco or a subsidiary;
- (k) taking action, or deciding to take action, in relation to the legal proceedings or regulatory investigation;
- (l) a voting and the dividend;
- (m) amendment or modification of the contractual document.

### Qualifying IPO:

During the period commencing on the date which is 12 months after the Closing Date and ending on the date which is 48 months after the Closing Date, the Company shall have the right to recommend to the board of directors of Holdco a plan for a Share Listing (the **Right for Qualifying IPO**).

If, in accordance with the Share Listing, the Company shall have the right to raise (calculated from the Closing Date) of at least 18% (or a related basis) of RMB5,559,010,897 (i.e. a Qualifying IPO), the Holding II shall have the plan for the Share Listing, and the Company and the Holding II shall proceed to the listing of the Company in accordance with the plan. The implementation of the plan shall be led by the Company.

## LETTER FROM GRAM CAPITAL

If the Qualifying IPO is completed by the date that falls 48 months after the Closing Date, Holdco and its subsidiaries may make a public offering of a qualified stock exchange of the shares of Holdco made in the United States (including, but not limited to, a trade sale).

Since the exercise of the Shareholders' Agreement is similar to a formation of joint venture (hereafter the joint venture or old small entity of the shareholders' agreement). In order to achieve the fair and reasonable of the terms of Shareholders' Agreement, we reached for formation of joint venture which constituted a qualified and/or completed a so-called limited of the Stock Exchange from 11 June 2019 to 10 August 2019 (being the 12 months period before the exercise of the Share Purchase Agreement) (the **JV Comparable Transaction(s)**) to date of the exercise of the shareholders' agreement. We consider the 12-month period fair and reasonable and (i) the JV Comparable Transaction could demonstrate the receipt market; and (ii) we are able to identify 21 JV Comparable Transaction for comparison. Shareholders should get that the business, operation and/or effect of the Target Company may be the same as the business of the JV Comparable Transaction.

Company (Stock Code)	Announcement Date	Whether party with the highest shareholding in the joint venture company can appoint more directors of the joint venture company than other shareholders?	Transfer restriction on joint venture parties	Right of first offer by joint venture parties
Beijing Digital Telecom Co., Ltd. (6188)	26 July 2019	Yes	No/eleat i formation	No/eleat i formation
E-Commodity Holding Limited (1733)	25 July 2019	Yes	No/eleat i formation	No/eleat i formation
YiChang HEC ChangJiang Pharmaceutical Co., Ltd. (1558)	24 July 2019	No/eleat i formation	Yes	No/eleat i formation
China Merchant Land Limited (978)	20 July 2019	Yes	No/eleat i formation	No/eleat i formation
China Communication Co. Ltd. (1800)	16 July 2019	Yes	No/eleat i formation	No/eleat i formation
Shanghai Land Science Limited (8106)	15 July 2019	Yes	Yes	No/eleat i formation
Road King International Limited (1098)	15 July 2019	Yes	Yes	Yes

## LETTER FROM GRAM CAPITAL

Company (Stock Code)	Announcement Date	Whether party with the highest shareholding in the joint venture company can appoint more directors of the joint venture company than other shareholders?	Transfer restriction on joint venture parties	Right of first offer by joint venture parties
Qihangdao P&T Co., Ltd. (3369)	8 J l 2019	No	No	No
Logitech Smart Edge Holding Limited (1281)	2 J l 2019	Ye	No	No
China Merchant Land Limited (978)	1 J l 2019	Ye	No	No
China Iqoo & Radio Communication (1763)	28 J e 2019	Ye	No	No
F8 Entertainment (Holding) Group Limited (8347)	27 J e 2019	Ye	No	No
Hadia Finance Group Limited (816)	27 J e 2019	Ye	No	No
Jiahili Group Limited (1285)	26 J e 2019	No	Ye	No
China Digital Video Holding Limited (8280)	26 J e 2019	No	Ye	Ye
CIFI Holding (Group) Co., Ltd. (884)	25 J e 2019	No	No	No
China Greenland Board Green Tea Group Company Limited (1253)	20 J e 2019	No	Ye	No
China Ring Reelable Edge Holding Limited (527)	17 J e 2019	Ye	Ye	Ye
SCUD Group Limited (1399)	17 J e 2019	Ye	No	Ye
Lqo Itaqi e Limited (8198)	14 J e 2019	Ye	No	No
Maha Iron & Steel Company Limited (323)	12 J e 2019	No	No	No



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## LETTER FROM GRAM CAPITAL

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With reference to the agreement of Siqra Limited (598) dated 25 October 2018, the company proposed to dilute 55% equity interest in a disqualifying hold-off bid of the company. According to the agreement, the disqualifying bid of the company entered a shareholder's agreement of the target company which contained terms relating to (i) pre-emptive right (hereinafter referred to as the target company to a third party that is not being offered to the existing shareholders in accordance with their respective shareholding percentage immediately prior to offering, which has been agreed by the existing shareholders or their nominee at the time of the issuance of the (if any) of target company); (ii) tag-along right; and (iii) drag-along right.

With reference to the agreement of Haseesa Go Limited (1823) dated 25 October 2018, the company proposed to dilute 30% equity interest in a 90%-owned bid of the company. According to the agreement, the disqualifying bid contained tag-along right by the minority shareholders of the company (i.e. the minority shareholders). The company also entered into a joint venture agreement which contained pre-emptive right (hereinafter referred to as the target company shall first be offered to the shareholders of a company before offering to their respective interest in the target company).

In relation to the right of first offer related to the International Lighting Bids, having considered that the offer would be deemed a fair price proposed by the Company, we consider the offer to be acceptable. We also consider the right for a public offering, being a right granted to the Company and can be exercised by the Company's directors to be in the interest of the Company.

Having considered the above and that as advised by the Directors, the terms of the Shareholders' Agreement are deemed a fair and reasonable arrangement between the Company and the parties to the Shareholders' Agreement, we consider that the terms of the Shareholders' Agreement are a normal commercial transaction and are fair and reasonable.

### 3. Financial Effects of the Disposal

With reference to the Board Letter, before the Disposal, the Company disqualifying, a disqualifying holding LED Holding, holds a 100% of the equity interest in the Target Company. After the Disposal, the Company will hold a 30% of the equity interest in the Holdco which disqualifying 100% of the share capital of the Target Company. The Target Company will also be consolidated into the consolidated financial statements of the Company.

The audited pro forma financial information of the Remaining Group (the **Pro Forma Information**) is included in Appendix IV of the Circular.

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## LETTER FROM GRAM CAPITAL

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With reference to the 2019 Interim Report, the audited consolidated financial statements of the Group as at 30 June 2019. According to the Pro Forma Financial Information, the audited consolidated financial statements of the Remaining Group would be as follows: RMB4.11 billion and RMB827.67 million as at the end of 30 June 2019.

The Board is of the view that the above information is fair and reasonable and that the financial position of the Group will be comfortable of the Directors.

### RECOMMENDATION

Having taken into consideration the factors addressed above, each of the directors (i) the terms of the Directors' (including the independent non-executive directors) Shareholders' Agreement are on normal commercial terms and are fair and reasonable on the terms of the Independent Shareholders' Agreement; and (ii) although the Directors (including the independent non-executive directors) are in a position to exercise all or some of the powers of the Group, it is in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee and the Independent Shareholders to give effect to the resolution ( ) to be passed at the EGM to approve the Directors' (including the independent non-executive directors) Shareholders' Agreement and recommend the Independent Shareholders to give effect to the resolution ( ) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
M D

: Mr. Graham Lam is a licensed and registered in the Securities and Futures Commission office of Gram Capital Limited at 6/F, 60 Des Voeux Road West, Hong Kong. He has over 20 years of experience in investment banking.

## FINANCIAL SUMMARY OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2016, 2017, 2018 and consolidated financial statements of the Group for the interim period ended 30 June 2019 are available electronically at page 205 to 399 of the annual report of the Company for the year ended 31 December 2016, page 199 to 404 of the annual report of the Company for the year ended 31 December 2017, page 220 to 489 of the annual report of the Company for the year ended 31 December 2018, and page 58 to 132 of the interim report of the Company for the interim period ended 30 June 2019, all of which have been published on the website of the Company (<http://www.c-lighting.com>) and the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)):

Quick link to the annual and interim reports of the Company are set out below:

1. Annual report of the Company for the year ended 31 December 2016 (*2016 Annual Report*)  
<http://www.hkex.com.hk/listedco/listcorp/ehk/2017/0426/t201704261041.df>
2. Annual report of the Company for the year ended 31 December 2017 (*2017 Annual Report*)  
<http://www.hkex.com.hk/listedco/listcorp/ehk/2018/0426/t20180426731.df>
3. Annual report of the Company for the year ended 31 December 2018 (*2018 Annual Report*)  
<http://www.hkex.com.hk/listedco/listcorp/ehk/2019/0423/t20190423964.df>
4. Interim report of the Company for the interim period ended 30 June 2019 (*2019 Interim Report*)  
<http://www.hkex.com.hk/listedco/listcorp/ehk/2019/0918/t20190918163.df>

## INDEBTEDNESS STATEMENT

At the close of business on 31 August 2019, being the latest practicable date for the disclosure of the aggregate indebtedness of the Group, the following table sets out the total indebtedness of the Group as follows:

**Borrowings**

- (i) Secured bank loans of an aggregate RMB411.9 million secured by the pledge of accounts receivable and bill receivable, building, right-of-use assets related to leasehold land of the Group, pledged bank deposits and cash at bank and other receivables of the Group.
- (ii) Unsecured other borrowings of an aggregate RMB0.8 million.

**Pledged assets**

- (i) Certain buildings included in the statement of aggregated carrying amount of assets RMB256.7 million are pledged for the Group's bank borrowing.
- (ii) Certain trade and bill receivable in aggregated carrying amount of assets RMB161.8 million are pledged to secure bank borrowing.
- (iii) Bank deposits in aggregated carrying amount of assets RMB289.2 million and RMB0.7 million are pledged for issuing of letters of guarantee at the Group's application of a guarantee in certain PRC legal proceedings respectively.
- (iv) Certain right-of-use assets related to leasehold land in aggregated carrying amount of assets RMB44.8 million are pledged for the Group's bank borrowing.

**Lease liabilities**

- (i) Lease liability of assets RMB93.7 million.

For the sake of the indebted statement, foreign currency amount have been translated to RMB at the assessment date of exchange rate at 31 August 2019.

Since aforesaid data are from the it-a-go liability and normally available, the Group did not have, at the close of business on 31 August 2019, any outstanding borrowing, mortgage, charge, debt, loan, capital or credit, debt, liability or other similar indebtedness, finance lease or hire-purchase commitment, liability default acceptance or acceptance credit or a guarantee or other material contingent liability.

To the best knowledge of the directors, having made all reasonable enquiries, there have been no material change in indebtedness or contingent liability of the Group since 31 August 2019.

**WORKING CAPITAL**

The Directors are of the view that, after taking into account of the Group's overall available financial resources, the Group will have sufficient working capital for its business for at least the next (12) months from the date of this circular in the absence of unforeseen circumstances, including but not limited to, foreseen loss of major customers and liabilities and foreseen default of receivable as well as foreseen increase in costs and operating risks.



**MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are aware of a material adverse change in the financial trading position of the Group since 31 December 2018 (being the date to which the latest published audited annual consolidated financial statements of the Group have been made up).

**FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group will continue to expand its existing channels and business. In particular, in North America, a strategic pillar of the world's leading building materials supplier, the Group will continue to maintain its characteristic advantage of independent operation and autonomy of the Group. Meanwhile, the Group will coordinate the development of the independent business and further develop and expand its independent business. In terms of commercial channels, the Group will adhere to its market position of providing high-quality ETCSS products, leverage its sales team and streamline the sales channels to enhance the overall profitability. Starting from 2020, the NVC-branded US business will launch in North America focusing on high-end commercial lighting fixtures. In terms of business development, the Group will thoroughly analyze the independent business and focus on improving and developing profitable and market-leading business. In the Japanese market, while continuing to expand its core market-oriented Tohoku B2C business, it will gradually expand distributed B2B channels that will gradually be introduced to develop independent business, with comprehensive implementation in the Japanese market. In the Middle East market, the Group will continue to increase its presence in the Middle East and North Africa markets to enhance its acquisition of large and medium-sized projects. Meanwhile, the Group will upgrade the image and business of its electrical and electronic products in the Gulf Region to enhance its ability to acquire large projects. The Middle East office will focus on the development of large projects and regional distribution in North Africa and the Levant region to improve the Group's sales and market share in the Middle East and North Africa. In the Southeast Asia market, it will continue to develop the channel in Indonesia and launch a successful Indonesia Model which will be reproduced in Vietnam and Cambodia.

The China ODM Business will remain stable in the interim of the new year. Continued growth of the China ODM Business is a global development trend and is difficult to reverse in the short term. The new year will continue to focus on certain major products with high operating costs to Vietnam. The China Remaining Business will continue to be the home market and a major market. We will leverage our existing channels and develop all kinds of channels for a more efficient and distributed network. In 2020, we will focus on R&D and business development. We expect that a few new products will be established to cater to the independent business and service, including (i) the independent electrical business, such as kitchen; (ii) the independent bath and kitchen hardware; (iii) the independent material and mechanical lock; and (iv) the independent custom-made kitchen cabinet and installation. Each product will be a suitable market for the market and sales of the independent business and a major market of related services.

The Group is building Vietnam factories to combat e-commerce from North America by expanding the amount of the facilities in Southeast Asia. NVC-branded building activities started from June 2020. The Group plans to graduate three factories in Chiato and it is divided by the region characteristics of the categories of products for improved product quality and reduced cost of OEM products.

Meanwhile, the Group will strengthen commercial and technical team to organize a business unit to focus on accelerating the development of standardized smart home and commercial control models to meet all regions' demand for electrical, commercial and industrial applications.

In terms of financial management, the Group will continue to adhere to the established principles of cost control and improve the efficiency of the business and to improve the overall operation of the Group through adjusting a dot-in-line organization structure, some improving management and increasing the technological process. In terms of human resources, talent from the region will be recruited for achieving localized best practices of products and services for NVC-branded channels development.



## Huizhou NVC Lighting Technology Company Limited

## STATEMENTS OF PROFIT OR LOSS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>REVENUE</b>	2,159,742	1,184,868	1,386,506	473,533	714,432
Cost of sale	(1,660,269)	(846,315)	(1,090,590)	(352,858)	(548,293)
<b>Gross profit</b>	499,473	338,553	295,916	120,675	166,139
Quarantine and gain	119,635	34,364	1,045,670	1,017,971	42,999
Selling and distribution cost	(209,158)	(93,796)	(79,895)	(15,526)	(27,752)
Administrative expense	(202,275)	(136,480)	(145,896)	(42,094)	(79,433)
Quarantine expense	(1,568)	(14,344)	(57,476)	(694)	(13,783)
Finance cost	(112)		(21,306)	(2,968)	(6,245)
Share of result of associate	6,801	17,468	5,192	6,917	(1,932)
<b>PROFIT BEFORE INCOME TAX</b>	212,796	145,765	1,042,205	1,084,281	79,993
Income tax	(31,314)	(24,056)	(22,940)	(15,635)	(40,220)
<b>PROFIT FOR THE YEAR/PERIOD</b>	<b>181,482</b>	<b>121,709</b>	<b>1,019,265</b>	<b>1,068,646</b>	<b>39,773</b>

## Huizhou NVC Lighting Technology Company Limited

## STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>PROFIT FOR THE</b>					
<b>YEAR/PERIOD</b>	181,482	121,709	1,019,265	1,068,646	39,773
<b>OTHER COMPREHENSIVE</b>					
<b>INCOME</b>					
Items that may be reclassified					
in the future to profit or loss:					
Financial changes of					
available-for-sale financial					
assets	1,000	(3,000)			
	1,000	(3,000)			
Items that will never be					
reclassified in the future to					
profit or loss:					
Financial changes of					
financial assets and financial					
liabilities other than					
comprehensive income, and					
others			6,500	7,400	
			6,500	7,400	
<b>TOTAL COMPREHENSIVE</b>					
<b>INCOME FOR THE</b>					
<b>YEAR/PERIOD</b>	<u>182,482</u>	<u>118,709</u>	<u>1,025,765</u>	<u>1,076,046</u>	<u>39,773</u>





**Huizhou NVC Lighting Technology Company Limited**  
**STATEMENTS OF CHANGES IN EQUITY**



## Huizhou NVC Lighting Technology Company Limited

## STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Paid-up capital MB'000 ( )	Shareholders' contribution MB'000 ( )	Other reserve MB'000 ( )	Statutory reserve MB'000 ( )	Retained profits MB'000 ( )	Total MB'000 ( )
<b>At 31 December 2018 and 1 January 2019</b>	266,499	6,416	1,541,897	195,699	964,702	2,975,213
Profit for the period					39,773	39,773
Dividend declared					(340,000)	(340,000)
Translation of reserve				2,331	(2,331)	
<b>At 30 June 2019</b>	<u>266,499</u>	<u>6,416</u>	<u>1,541,897</u>	<u>198,030</u>	<u>662,144</u>	<u>2,674,986</u>
<b>At 1 January 2018 as originally presented</b>	266,499	6,416	(2,000)	92,408	753,578	1,116,901
Initial application of IFRS 9					(13,739)	(13,739)
<b>At 1 January 2018 as restated</b>	266,499	6,416	(2,000)	92,408	739,839	1,103,162
Financial reclassification			7,400			7,400
Goodwill			1,537,397			1,537,397
Profit for the period					1,068,646	1,068,646
Dividend declared					(80,000)	(80,000)
Translation of reserve				859	(859)	
<b>At 30 June 2018</b>	<u>266,499</u>	<u>6,416</u>	<u>1,542,797</u>	<u>93,267</u>	<u>1,727,626</u>	<u>3,636,605</u>

## Huizhou NVC Lighting Technology Company Limited

## STATEMENTS OF CASH FLOWS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>CASH FLOWS FROM</b>					
<b>OPERATING ACTIVITIES</b>					
Profit before income tax	212,796	145,765	1,042,205	1,084,281	79,993
Adjustment for:					
Interest income	(8,312)	(15,099)	(1,886)	(4,795)	(18,246)
Finance cost	112		21,306	2,968	6,245
Dividend income			(1,010,200)	(1,000,000)	(12,521)
Share of result of associate	(6,801)	(17,468)	(5,192)	(6,917)	1,932
Loss on disposal of subsidiary			380		
Gain on disposal of associate			(5,799)	(5,799)	
Loss on disposal of investment	1,147	2,010	1,321	333	135
Decrease of investment, latent					
debt	43,731	42,053	44,512	25,081	25,482
Amortization of leasehold					
intangible	876	875	876	438	438
Amortization of intangible					
asset	866	811	1,162	566	674
Impairment/(reversal of					
impairment) of investment, latent	8,420	(438)	1,538		
Impairment/(reversal of					
impairment) of trade					
receivable	14,182	9,763	8,625	(10,815)	7,968
Impairment of lease asset,					
debt and other receivable	1,093				4,091
(Reversal of write-down)/					
write-down of inventory	(33,778)	(2,716)	4,930	(673)	5,352
Recovery of bad debt		(3,690)			
Gain on sale of investment					
of investment	(3,244)	(3,704)	(2,284)	(17)	(663)
Financial change of derivative					
financial liability			10,689		(10,689)
Financial change of held-for-					
sale investment			44,596		11,608
	231,088	158,162	156,779	84,651	101,799

## Huizhou NVC Lighting Technology Company Limited

## STATEMENTS OF CASH FLOWS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016 MB'000 ( )	2017 MB'000 ( )	2018 MB'000 ( )	2018 MB'000 ( )	2019 MB'000 ( )
Decrease/(increase) in					
inventory	162,415	(34,408)	(39,872)	(62,403)	12,260
(Increase)/decrease in trade and					
bills receivable	(21,625)	385,460	114,000	52,717	30,299
(Increase)/decrease in					
prepayments, deposits and					
other receivables	(1,538)	13,268	(24,803)	(12,649)	(17,683)
(Increase)/decrease in other					
current assets	(560)	(9,681)	(7,603)	(5,635)	6,613
(Decrease)/increase in trade and					
bills payable	(55,929)	43,969	(158,120)	58,399	225,730
Increase/(decrease) in other					
payables and accruals	99,491	(161,718)	(9,831)	(48,677)	(12,396)
Receipt of government grant	3,626	4,893	2,871		1,743
(Increase)/decrease in deferred					
income tax	(443,127)	(387,645)	(38,002)	438,096	(534,598)
Increase/(decrease) in debt					
income tax	329,155	375,679	(132,731)	(224,470)	191,089
Cash generated from/(used in)					
operations	302,996	387,979	(137,312)	280,029	4,856
Income tax paid	(27,273)	(17,435)	(11,385)	(9,748)	(4,330)
<b>Net cash flows generated</b>					
<b>from/(used in) operating</b>					
<b>activities</b>	<b>275,723</b>	<b>370,544</b>	<b>(148,697)</b>	<b>270,281</b>	<b>526</b>
<b>CASH FLOWS FROM</b>					
<b>  INVESTING ACTIVITIES</b>					
Interest received	8,312	15,099	1,886	4,795	18,246
Dividends received from					
subsidiaries			578,200		12,521
Proceeds from disposal of					
property, plant and equipment	1,831	781	3,056	14	2
Purchase of property, plant and					
equipment	(109,090)	(354,544)	(51,613)	(37,204)	(31,776)
Dividends received from a					
subsidiary		3,000	5,000	5,000	

## Huizhou NVC Lighting Technology Company Limited

## STATEMENTS OF CASH FLOWS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
Additio to qh ita gible					
a q	(335)	(4,893)	(2,494)	(818)	(1,320)
I etmet i bidiaie	(7,550)	(2,420)	(2,100)		(5,900)
I etmet i a oiaie	(7,800)		(5,000)	(5,000)	
I etmet i a joint et e	(100,000)				
P cha e of logt am					
i etmet	(22,000)	(2,000)	(100)	(100)	
P cha e of held-f t adi g					
i etmet		(88,786)			
Ref d of i etmet i a					
a oiaie		980			
De ea e/(i ea e) i t he					
etiq ed ba k bala ce a d					
h t am de o i	160,194	206,128	(247,415)	(292,458)	365,128
<b>Net cash flows (used in)/ generated from investing activities</b>	<b>(76,438)</b>	<b>(226,655)</b>	<b>279,420</b>	<b>(325,771)</b>	<b>356,901</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Di ide d aid			(691,111)	(80,000)	(340,000)
Re a met of ba k loa			275,661		(75,661)
I t et aid	(112)		(21,306)	(2,968)	(6,225)
Lea e a met					(47)
<b>Net cash flows used in financing activities</b>	<b>(112)</b>		<b>(436,756)</b>	<b>(82,968)</b>	<b>(421,933)</b>
Ne i ea e/(de ea e) i ca h					
a d ca he i ale t	199,173	143,889	(306,033)	(138,458)	(64,506)
Ca h a d ca he i ale t a					
begi ig of ea/ oiaid	183,740	382,913	526,802	526,802	220,769
<b>Cash and cash equivalents as stated in the statement of financial position and cash flows</b>	<b>382,913</b>	<b>526,802</b>	<b>220,769</b>	<b>388,344</b>	<b>156,263</b>

**Huizhou NVC Fire Lighting Company Limited**

**STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**

**For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019**

## Huizhou NVC Fire Lighting Company Limited

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016, 2017 and 2018 and 30 June 2019

	As at 31 December			As at
	2016	2017	2018	30 June
	MB'000	MB'000	MB'000	2019
	( )	( )	( )	MB'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	316	342	371	339
Right-of-use asset				1,243
Intangible asset	6	49	43	41
<b>Total non-current assets</b>	<b>322</b>	<b>391</b>	<b>414</b>	<b>1,623</b>
<b>CURRENT ASSETS</b>				
Inventory	1,045	2,031	3,024	2,995
Trade receivable		4	112	631
Prepayment, deposit and other receivable	96	387	343	320
Other current asset	28	177	408	443
Cash and cash equivalents	157	6,424	14,352	14,574
Deferred government grant		585	6,388	11,298
<b>Total current assets</b>	<b>1,326</b>	<b>9,608</b>	<b>24,627</b>	<b>30,261</b>
<b>CURRENT LIABILITIES</b>				
Trade and bill payable	605	2,694	5,099	6,441
Other payable and accrual	625	2,557	2,474	2,906
Lease liability				304
Income tax payable		213	858	1,236
Deferred government grant		349	4,970	4,770
<b>Total current liabilities</b>	<b>1,230</b>	<b>5,813</b>	<b>13,401</b>	<b>15,657</b>
<b>NET CURRENT ASSETS</b>	<b>96</b>	<b>3,795</b>	<b>11,226</b>	<b>14,604</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>418</b>	<b>4,186</b>	<b>11,640</b>	<b>16,227</b>
<b>NON-CURRENT LIABILITIES</b>				
Lease liability				966
<b>Total non-current liabilities</b>				<b>966</b>
<b>Net assets</b>	<b>418</b>	<b>4,186</b>	<b>11,640</b>	<b>15,261</b>
<b>EQUITY</b>				
Paid-up capital	1,985	1,985	1,985	1,985
Reserve	(1,567)	2,201	9,655	13,276
<b>Total equity</b>	<b>418</b>	<b>4,186</b>	<b>11,640</b>	<b>15,261</b>

## Huizhou NVC Fire Lighting Company Limited

## STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Paid-up capital MB'000 ( )	(Accumulated losses)/ retained profits MB'000 ( )	Total MB'000 ( )
<b>At 1 January 2016</b>	1,985	(714)	1,271
Loss attributable to the ordinary shareholders	—	(853)	(853)
<b>At 31 December 2016 and 1 January 2017</b>	1,985	(1,567)	418
Profit attributable to the ordinary shareholders	—	3,768	3,768
<b>At 31 December 2017 and 1 January 2018</b>	1,985	2,201	4,186
Profit attributable to the ordinary shareholders	—	7,454	7,454
<b>At 31 December 2018 and 1 January 2019</b>	1,985	9,655	11,640
Profit attributable to the ordinary shareholders	—	3,621	3,621
<b>At 30 June 2019</b>	<u>1,985</u>	<u>13,276</u>	<u>15,261</u>
<b>At 1 January 2018</b>	1,985	2,201	4,186
Profit attributable to the ordinary shareholders	—	2,712	2,712
<b>At 30 June 2018</b>	<u>1,985</u>	<u>4,913</u>	<u>6,898</u>

## Huizhou NVC Fire Lighting Company Limited

## STATEMENTS OF CASH FLOWS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016 MB'000	2017 MB'000	2018 MB'000	2018 MB'000	2019 MB'000
	( )	( )	( )	( )	( )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(Loss)/profit before income tax	(853)	4,619	9,860	3,669	4,994
Adjustment for:					
Income tax expense		(11)	(19)	(8)	(12)
Finance cost					36
Loss on disposal of items of property, plant and equipment			3	2	
Depreciation of items of property, plant and equipment	50	58	86	39	144
Amortisation of intangible assets		4	6	3	2
	(803)	4,670	9,936	3,705	5,164
(Increase)/decrease in liabilities	(1,022)	(986)	(993)	(268)	29
Increase in trade receivable		(4)	(108)	(98)	(519)
(Increase)/decrease in prepayments, deposits and other receivable	(73)	(291)	44	9	23
Decrease/(increase) in other current assets	28	(149)	(231)	(86)	(35)
Increase in trade and bill payable	544	2,089	2,405	841	1,342
(Decrease)/increase in other payable and accrual	(51)	1,932	(83)	150	432
Increase in amount deferred from government grants		(585)	(5,803)	(6,950)	(4,910)
Increase/(decrease) in amount deferred from government grants		349	4,621	143	(200)
Cash (used in)/generated from operations	(1,377)	7,025	9,788	(2,554)	1,326
Income tax paid		(638)	(1,761)	(708)	(995)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(1,377)</b>	<b>6,387</b>	<b>8,027</b>	<b>(3,262)</b>	<b>331</b>



## Huizhou NVC Fire Lighting Company Limited

## STATEMENTS OF CASH FLOWS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016 MB'000	2017 MB'000	2018 MB'000	2018 MB'000	2019 MB'000
	( )	( )	( )	( )	( )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received		11	19	8	12
Repayment for and purchase of item of fixed asset, intangible asset	(83)	(84)	(118)	(114)	(7)
Additional purchase	(7)	(47)			
<b>Net cash flows (used in)/ generated from investing activities</b>	<b>(90)</b>	<b>(120)</b>	<b>(99)</b>	<b>(106)</b>	<b>5</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Capital injection	1,575				
Lease payment					(114)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>1,575</b>				<b>(114)</b>
Net increase/(decrease) in cash and cash equivalents	108	6,267	7,928	(3,368)	222
Cash and cash equivalents at beginning of period	49	157	6,424	6,424	14,352
<b>Cash and cash equivalents as stated in the statement of financial position and cash flows</b>	<b>157</b>	<b>6,424</b>	<b>14,352</b>	<b>3,056</b>	<b>14,574</b>

## Huizhou NVC Lighting Engineering Company Limited

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the period from 21 December 2016 (date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019

	Period from 21 December 2016 (date of incorporation)		Year ended 31 December		Six months ended 30 June	
	to 31 December 2016	2017	2018	2018	2019	
	MB'000	MB'000	MB'000	MB'000	MB'000	
	( )	( )	( )	( )	( )	
<b>REVENUE</b>			34,064	21,435	20,595	
Cost of sale			(29,339)	(17,278)	(18,723)	
<b>Gross profit</b>			4,725	4,157	1,872	
Quasi income and gain			8	3	7	
Selling and distribution cost			(392)	(92)	(231)	
Administrative expense			(3)	(2)	(3,229)	
Finance cost					(7)	
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>			4,338	4,066	(1,588)	
Income tax			(1,111)	(1,016)	394	
<b>PROFIT/(LOSS) FOR THE PERIOD/YEAR</b>			3,227	3,050	(1,194)	
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>			3,227	3,050	(1,194)	

Huizhou NVC Lighting Engineering Company Limited  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
As at 31 December 2016, 2017 and 2018 and 30 June 2019

	As at 31 December			As at
	2016	2017	2018	30 June
	MB'000	MB'000	MB'000	2019
	( )	( )	( )	MB'000
<b>NON-CURRENT ASSETS</b>				
Right-of-use asset				172
Deferred tax asset				742
<b>Total non-current assets</b>				<b>914</b>
<b>CURRENT ASSETS</b>				
Inventory			3,820	5,247
Trade receivable			26,214	38,723
Prepayment, deposits and other receivable			1,665	20,862
Other current asset				785
Cash and cash equivalents			3,908	5,865
<b>Total current assets</b>			<b>35,607</b>	<b>71,482</b>
<b>CURRENT LIABILITIES</b>				
Other payable and accrual				346
Lease liability				47
Income tax payable			26	
Debt on long-term contract			32,354	69,841
<b>Total current liabilities</b>			<b>32,380</b>	<b>70,234</b>
<b>NET CURRENT ASSETS</b>			<b>3,227</b>	<b>1,248</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>3,227</b>	<b>2,162</b>
<b>NON-CURRENT LIABILITY</b>				
Lease liability				129
<b>Total non-current liability</b>				<b>129</b>
<b>Net assets</b>			<b>3,227</b>	<b>2,033</b>
<b>EQUITY</b>				
Paid-up capital				
Reserve			3,227	2,033
<b>Total equity</b>			<b>3,227</b>	<b>2,033</b>

## Huizhou NVC Lighting Engineering Company Limited

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period from 21 December 2016 (date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019

	Paid-up capital <i>MB'000</i>	Retained profits <i>MB'000</i>	Total <i>MB'000</i>
	( )	( )	( )
<b>At 21 December 2016 (date of incorporation), 31 December 2016, 1 January 2017, 31 December 2017 and 1 January 2018</b>			
Profit attributable to the equity holders of the parent	<u>          </u>	<u>3,227</u>	<u>3,227</u>
<b>At 31 December 2018 and 1 January 2019</b>			
Loss attributable to the equity holders of the parent	<u>          </u>	<u>(1,194)</u>	<u>(1,194)</u>
<b>At 30 June 2019</b>	<u>          </u>	<u>2,033</u>	<u>2,033</u>
<b>At 1 January 2018</b>			
Profit attributable to the equity holders of the parent	<u>          </u>	<u>3,050</u>	<u>3,050</u>
<b>At 30 June 2018</b>	<u>          </u>	<u>3,050</u>	<u>3,050</u>

## Huizhou NVC Lighting Engineering Company Limited

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period from 21 December 2016 (date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019

	Period from				
	21 December				
	2016 (date of				
	to 31 December			Six months ended 30 June	
	2016	Year ended 31 December		2018	2019
	MB'000	2017	2018	2018	2019
	( )	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>CASH FLOWS FROM</b>					
<b>OPERATING ACTIVITIES</b>					
Profit/(loss) before income tax			4,338	4,066	(1,588)
Adjustment for:					
Income tax expense			(8)	(3)	(7)
Finance cost					7
Impact of trade receivable					2,968
Decrease of item of stock, land investment					26
			4,330	4,063	1,406
Income tax expense			(3,820)	(2,430)	(1,427)
Income tax trade receivable			(26,214)	(8,346)	(15,477)
Income tax expense, debt and other receivable			(1,665)	(21,143)	(19,197)
Income tax expense				(278)	(785)
Income tax payable and accrual					346
Income tax amount due to government			32,354	31,417	37,487
			4,985	3,283	2,353
Change arising from operation			(1,085)	(254)	(374)
<b>Net cash flows generated from operating activities</b>			<b>3,900</b>	<b>3,029</b>	<b>1,979</b>

## Huizhou NVC Lighting Engineering Company Limited

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period from 21 December 2016 (date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019

	Period from	Year ended 31 December		Six months ended 30 June	
	21 December 2016 (date of incorporation) to 31 December 2016 <i>MB'000</i> ( )	2017 <i>MB'000</i> ( )	2018 <i>MB'000</i> ( )	2018 <i>MB'000</i> ( )	2019 <i>MB'000</i> ( )
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>					
Interest received			8	3	7
<b>Net cash flows generated from investing activity</b>			<b>8</b>	<b>3</b>	<b>7</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>					
Lease payment					(29)
<b>Net cash flows used in financing activity</b>					<b>(29)</b>
Net cash and cash equivalents at the end of the period			3,908	3,032	1,957
Cash and cash equivalents at the beginning of the period					3,908
<b>Cash and cash equivalents as stated in the statements of financial position and cash flows</b>			<b>3,908</b>	<b>3,032</b>	<b>5,865</b>

## Huizhou NVC Kitchenware Company Limited

## STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the period from 15 April 2016 (date of incorporation) to 31 December 2016 and years ended 31 December 2017 and 2018 and six months ended 30 June 2019

	Period from				
	15 April				
	2016 (date of				
	incorporation)				
	to 31 December	Year ended 31 December		Six months ended 30 June	
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>REVENUE</b>	57,986	168,325	172,971	106,271	67,503
Cost of sale	(44,396)	(132,470)	(116,467)	(76,042)	(41,940)
<b>Gross profit</b>	13,590	35,855	56,504	30,229	25,563
Quasi income and gain	18	304	687	189	183
Selling and distribution cost	(7,023)	(13,961)	(19,014)	(10,502)	(4,842)
Administrative expense	(3,113)	(11,792)	(12,896)	(7,704)	(830)
Quasi expense	(8)	(16)	(149)	(1)	(104)
<b>PROFIT BEFORE INCOME</b>					
<b>TAX</b>	3,464	10,390	25,132	12,211	19,970
Income tax	(935)	(2,891)	(6,383)	(3,748)	(5,822)
<b>PROFIT FOR THE</b>					
<b>PERIOD/YEAR</b>	2,529	7,499	18,749	8,463	14,148
<b>OTHER COMPREHENSIVE</b>					
<b>INCOME</b>					
<b>TOTAL COMPREHENSIVE</b>					
<b>INCOME FOR THE</b>					
<b>PERIOD/YEAR</b>	2,529	7,499	18,749	8,463	14,148

## Huizhou NVC Kitchenware Company Limited

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016, 2017 and 2018 and 30 June 2019

	As at 31 December			As at
	2016	2017	2018	30 June
	MB'000	MB'000	MB'000	2019
	( )	( )	( )	MB'000
<b>NON-CURRENT ASSET</b>				
Property, plant and equipment	137	191	1,022	785
<b>Total non-current asset</b>	<b>137</b>	<b>191</b>	<b>1,022</b>	<b>785</b>
<b>CURRENT ASSETS</b>				
Inventory	4,441	5,775	4,047	8,128
Trade receivable		27,788	2,365	6,016
Bill receivable				4,869
Prepayment, deposits and other receivable	286	104	282	
Other current asset		171	1,106	2,500
Retained bank balance and hot fund		30,000	25,000	
Cash and cash equivalents	5,313	5,315	2,293	47,529
Deferred income	22,866	250	22,165	1,994
<b>Total current assets</b>	<b>32,906</b>	<b>69,403</b>	<b>57,258</b>	<b>71,036</b>
<b>CURRENT LIABILITIES</b>				
Trade and bill payable	21,977	26,956	16,664	25,575
Other payable and accrual	3,287	11,310	8,116	8,843
Income tax payable	232	465	1,810	4,158
Deferred income	18	15,835	17,913	14,197
<b>Total current liabilities</b>	<b>25,514</b>	<b>54,566</b>	<b>44,503</b>	<b>52,773</b>
<b>NET CURRENT ASSETS</b>	<b>7,392</b>	<b>14,837</b>	<b>12,755</b>	<b>18,263</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS</b>				
	<b>7,529</b>	<b>15,028</b>	<b>13,777</b>	<b>19,048</b>
<b>EQUITY</b>				
Paid-up capital	5,000	5,000	5,000	5,000
Reserve	2,529	10,028	8,777	14,048
<b>Total equity</b>	<b>7,529</b>	<b>15,028</b>	<b>13,777</b>	<b>19,048</b>



**Huizhou NVC Kitchenware Company Limited**

**STATEMENTS OF CHANGES IN EQUITY**

**For the period from 15 April 2016 (date of incorporation) to 31 December 2016 and years ended 31 December 2017 and 2018 and six months ended 30 June 2019**

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

## Huizhou NVC Kitchenware Company Limited

## STATEMENTS OF CASH FLOWS

For the period from 15 April 2016 (date of incorporation) to 31 December 2016 and years ended 31 December 2017 and 2018 and six months ended 30 June 2019

	Period from	Year ended 31 December		Six months ended 30 June	
	15 April 2016 (date of incorporation) to 31 December 2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before income tax	3,464	10,390	25,132	12,211	19,970
Adjustment for:					
Interest income	(9)	(73)	(664)	(181)	(166)
Depreciation of property, plant and equipment	10	34	675	21	237
Write-down/(reversal of write-down) of inventory	388	956	(1,344)		
Government grant received on acquisition of subsidiary		(4)	(6)		
	3,853	11,303	23,793	12,051	20,041
(Increase)/decrease in inventory	(4,829)	(2,290)	3,072	(1,824)	(4,081)
(Increase)/decrease in trade and bill receivable		(27,788)	25,423	(16,937)	(8,520)
(Increase)/decrease in prepayment, deposit and other receivable	(286)	182	(178)	7	282
Increase in other current assets		(171)	(935)	(3,130)	(1,394)
Increase/(decrease) in trade and bill payable	21,977	4,979	(10,292)	24,157	8,911
Increase/(decrease) in other payable and accrual	3,287	8,023	(3,194)	(3,474)	727
Receipt of government grant		4	6		
(Increase)/decrease in deferred income	(22,866)	22,616	(21,915)	(13,571)	20,171
Increase/(decrease) in debt income	18	15,817	2,078	(3,729)	(1,756)
	1,154	32,675	17,858	(6,450)	34,381
Income tax paid	(703)	(2,658)	(5,038)	(1,764)	(3,474)
	451	30,017	12,820	(8,214)	30,907
<b>Net cash flows generated from/(used in) operating activities</b>	<b>451</b>	<b>30,017</b>	<b>12,820</b>	<b>(8,214)</b>	<b>30,907</b>

## Huizhou NVC Kitchenware Company Limited

## STATEMENTS OF CASH FLOWS

For the period from 15 April 2016 (date of incorporation) to 31 December 2016 and years ended 31 December 2017 and 2018 and six months ended 30 June 2019

	Period from	Year ended 31 December			Six months ended 30 June	
	15 April 2016 (date of incorporation) to 31 December 2016	2017	2018	2018	2019	
	MB'000	MB'000	MB'000	MB'000	MB'000	
	( )	( )	( )	( )	( )	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	9	73	664	181	166	
Purchase of property, plant and equipment	(147)	(88)	(1,506)	(20)		
(Decrease)/increase in net trade balances and other receivables		(30,000)	5,000	5,000	25,000	
<b>Net cash flows (used in)/ generated from investing activities</b>	<b>(138)</b>	<b>(30,015)</b>	<b>4,158</b>	<b>5,161</b>	<b>25,166</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Dividend received			(20,000)		(10,837)	
Capital injection	5,000					
<b>Net cash flows generated from/(used in) financing activities</b>	<b>5,000</b>		<b>(20,000)</b>		<b>(10,837)</b>	
Net increase/(decrease) in cash and cash equivalents	5,313	2	(3,022)	(3,053)	45,236	
Cash and cash equivalents at beginning of period		5,313	5,315	5,315	2,293	
<b>Cash and cash equivalents as stated in the statement of financial position and cash flows</b>	<b>5,313</b>	<b>5,315</b>	<b>2,293</b>	<b>2,262</b>	<b>47,529</b>	

**Zhongshan NVC Decorative Lighting Technology Company Limited**  
**STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**  
**For the years ended 31 December 2016, 2017 and 2018 and 30 June 2019**

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>REVENUE</b>	671,060	631,387	603,315	298,064	246,509
Cost of sale	(531,239)	(550,875)	(517,674)	(257,903)	(211,358)
<b>Gross profit</b>	139,821	80,512	85,641	40,161	35,151
Quasi income and gain	2,193	3,571	3,443	1,635	268
Selling and distribution cost	(59,388)	(7,199)	(8,362)	(4,655)	(1,980)
Administrative expense	(41,624)	(23,403)	(25,068)	(12,361)	(20,913)
Quasi expense	(507)	(164)	(347)	(308)	(31)
Finance cost	(100)		(539)		(113)
<b>PROFIT BEFORE INCOME TAX</b>	40,395	53,317	54,768	24,472	12,382
Income tax	(6,299)	(8,877)	(13,889)	(6,398)	(1,925)
<b>PROFIT FOR THE YEAR/PERIOD</b>	34,096	44,440	40,879	18,074	10,457
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD</b>	34,096	44,440	40,879	18,074	10,457



## Zhongshan NVC Decorative Lighting Technology Company Limited

## STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2016, 2017 and 2018 and 30 June 2019

	Paid-up capital <i>MB'000</i> ( )	Statutory reserve <i>MB'000</i> ( )	Retained profits <i>MB'000</i> ( )	Total <i>MB'000</i> ( )
<b>At 31 December 2015 and 1 January 2016</b>	15,000	9,161	81,282	105,443
Profit attributable to the equity holders for the year			34,096	34,096
Dividend paid			(60,000)	(60,000)
<b>At 31 December 2016 and 1 January 2017</b>	15,000	9,161	55,378	79,539
Profit attributable to the equity holders for the year			44,440	44,440
<b>At 31 December 2017 and 1 January 2018</b>	15,000	9,161	99,818	123,979
Profit attributable to the equity holders for the year			40,879	40,879
<b>At 31 December 2018 and 1 January 2019</b>	15,000	9,161	140,697	164,858
Profit attributable to the equity holders for the period			10,457	10,457
<b>At 30 June 2019</b>	<u>15,000</u>	<u>9,161</u>	<u>151,154</u>	<u>175,315</u>
<b>At 1 January 2018</b>	15,000	9,161	99,818	123,979
Profit attributable to the equity holders for the period			18,074	18,074
<b>At 30 June 2018</b>	<u>15,000</u>	<u>9,161</u>	<u>117,892</u>	<u>142,053</u>

## Zhongshan NVC Decorative Lighting Technology Company Limited

## STATEMENTS OF CASH FLOWS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016 MB'000	2017 MB'000	2018 MB'000	2018 MB'000	2019 MB'000
	( )	( )	( )	( )	( )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax	40,395	53,317	54,768	24,472	12,382
Adjustment for:					
Interest income	(455)	(405)	(216)	(173)	
Finance cost	100		539		113
Loss on disposal of items of property, plant and equipment	31	17	297	258	13
Depreciation of items of property, plant and equipment	933	1,139	1,322	198	993
Amortisation of intangible assets	38	45	52	27	30
Write-off of items of property, plant and equipment	43				
Increase of trade receivable		192			7,827
Decrease of trade payable					
Total effect of financial instruments		(2)	(123)	(18)	
	41,085	54,303	56,639	24,764	21,358
Decrease/(increase) in liabilities	5,924	(7,886)	4,044	(11,369)	(6,899)
Decrease/(increase) in trade and bill receivable	42,911	27,342	(250)	490	(1,443)
(Increase)/decrease in prepayment, deposit and other receivable	(1,685)	(15,264)	198	25	(436)
(Increase)/decrease in other current assets			(5)		3
Increase/(decrease) in trade and bill payable	46,956	(28,204)	7,544	12,920	(27,292)
(Decrease)/increase in other payable and accrual	(9,921)	(17,753)	6,046	(1,484)	(8,613)
Receipt of government grant		2	123	18	
(Increase)/decrease in debt from government	(116,764)	24,480	(308,901)	(246,131)	(15,072)
Increase in debt from government			223,498	208,626	65,462
Change arising from/(in) operations	8,506	37,020	(11,064)	(12,141)	27,068
Income tax paid	(19,627)	(6,537)	(12,281)	(4,404)	(7,450)
<b>Net cash flows (used in)/ generated from operating activities</b>	<b>(11,121)</b>	<b>30,483</b>	<b>(23,345)</b>	<b>(16,545)</b>	<b>19,618</b>

## Zhongshan NVC Decorative Lighting Technology Company Limited

## STATEMENTS OF CASH FLOWS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016 MB'000	2017 MB'000	2018 MB'000	2018 MB'000	2019 MB'000
	( )	( )	( )	( )	( )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	455	405	216	173	
Proceed from disposal of item of fixed asset, land and equipment			60	427	83
Purchase of item of fixed asset, land and equipment	(574)	(2,704)	(1,294)	(253)	(110)
Addition of intangible asset	(441)	(16)	(36)		
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(560)</b>	<b>(2,315)</b>	<b>(1,054)</b>	<b>347</b>	<b>(27)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend received from household	(60,000)				
Settlement of interest-bearing loan and borrowing	(50,000)				
Interest received	(100)		(539)		
Lease payment					(488)
<b>Net cash flows used in financing activities</b>	<b>(110,100)</b>		<b>(539)</b>		<b>(488)</b>
Net (decrease)/increase in cash and cash equivalents	(121,781)	28,168	(24,938)	(16,198)	19,103
Cash and cash equivalents at beginning of period	123,943	2,162	30,330	30,330	5,392
<b>Cash and cash equivalents as stated in the statement of financial position and cash flows</b>	<b>2,162</b>	<b>30,330</b>	<b>5,392</b>	<b>14,132</b>	<b>24,495</b>



**Bengbu NVC Smart Household Technology Company Limited****STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**

**For the period from 12 January 2016 (date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019**

	Period from 12 January 2016 (date of incorporation) to 31 December 2016	Year ended 31 December			Six months ended 30 June
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>REVENUE</b>	179,063	627,381	684,302	330,407	290,061
Cost of sale	(152,763)	(536,365)	(580,982)	(279,207)	(245,658)
<b>Gross profit</b>	26,300	91,016	103,320	51,200	44,403
Quasi income and gain		2	21	21	
Administrative fees	(1,265)	(1,079)	(89)	(49)	(38)
<b>PROFIT BEFORE INCOME TAX</b>	25,035	89,939	103,252	51,172	44,365
Income tax	(6,259)	(22,484)	(25,127)	(12,129)	(10,700)
<b>PROFIT FOR THE PERIOD/YEAR</b>	18,776	67,455	78,125	39,043	33,665
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>	18,776	67,455	78,125	39,043	33,665

## Bengbu NVC Smart Household Technology Company Limited

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016, 2017 and 2018 and 30 June 2019

	As at 31 December			As at
	2016	2017	2018	30 June
	MB'000	MB'000	MB'000	2019
	( )	( )	( )	MB'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	4	3	2	2
Intangible assets	8	7	5	4
<b>Total non-current assets</b>	<b>12</b>	<b>10</b>	<b>7</b>	<b>6</b>
<b>CURRENT ASSETS</b>				
Trade receivable	32,561			
Prepayment, deposits and other receivable			5	
Cash and cash equivalents	32	189	152	118
Deferred government grants	5,000	120,938	614,350	627,592
<b>Total current assets</b>	<b>37,593</b>	<b>121,127</b>	<b>614,507</b>	<b>627,710</b>
<b>CURRENT LIABILITIES</b>				
Trade and bill payable		4		
Other payable and accrual	2,004	2,902	2,552	762
Income tax payable	975	5,544	8,783	8,032
Deferred government grants	10,850	21,456	433,823	415,901
<b>Total current liabilities</b>	<b>13,829</b>	<b>29,906</b>	<b>445,158</b>	<b>424,695</b>
<b>NET CURRENT ASSETS</b>	<b>23,764</b>	<b>91,221</b>	<b>169,349</b>	<b>203,015</b>
<b>Net assets</b>	<b>23,776</b>	<b>91,231</b>	<b>169,356</b>	<b>203,021</b>
<b>EQUITY</b>				
Paid-up capital	5,000	5,000	5,000	5,000
Reserve	18,776	86,231	164,356	198,021
<b>Total equity</b>	<b>23,776</b>	<b>91,231</b>	<b>169,356</b>	<b>203,021</b>

**Bengbu NVC Smart Household Technology Company Limited****STATEMENTS OF CHANGES IN EQUITY**

**For the period from 12 January 2016 (date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019**

	Paid-up capital <i>MB'000</i> ( )	Retained profits <i>MB'000</i> ( )	Total <i>MB'000</i> ( )
<b>At 12 January 2016 (date of incorporation)</b>			
Capital injected	5,000		5,000
Profit attributable to the equity holders of the parent		18,776	18,776
			<hr/>
<b>At 31 December 2016 and 1 January 2017</b>	5,000	18,776	23,776
Profit attributable to the equity holders of the parent		67,455	67,455
			<hr/>
<b>At 31 December 2017 and 1 January 2018</b>	5,000	86,231	91,231
Profit attributable to the equity holders of the parent		78,125	78,125
			<hr/>
<b>At 31 December 2018 and 1 January 2019</b>	5,000	164,356	169,356
Profit attributable to the equity holders of the parent		33,665	33,665
			<hr/>
<b>At 30 June 2019</b>	5,000	198,021	203,021
			<hr/> <hr/>
<b>At 1 January 2018</b>	5,000	86,231	91,231
Profit attributable to the equity holders of the parent		39,043	39,043
			<hr/>
<b>At 30 June 2018</b>	5,000	125,274	130,274
			<hr/> <hr/>

**Bengbu NVC Smart Household Technology Company Limited**

**STATEMENTS OF CASH FLOWS**

**For the period from 12 January 2016 (date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019**

Period from 12 January 2016 (date of incorporation) to 31 December 2016 <i>MB'000</i> ( )	Year ended 31 December			Six months ended 30 June	
	2017 <i>MB'000</i> ( )	2018 <i>MB'000</i> ( )	2018 <i>MB'000</i> ( )	2018 <i>MB'000</i> ( )	2019 <i>MB'000</i> ( )

**CASH FLOWS FROM  
OPERATING ACTIVITIES**

_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

## Bengbu NVC Smart Household Technology Company Limited

## STATEMENTS OF CASH FLOWS

For the period from 12 January 2016 (date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019

	Period from	Year ended 31 December		Six months ended 30 June	
	12 January 2016 (date of incorporation) to 31 December 2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received		2	1	1	
Repayment for advance of item of stock, late payment	(4)				
Additional tangible asset	(8)				
<b>Net cash flows (used in)/ generated from investing activities</b>	<b>(12)</b>	<b>2</b>	<b>1</b>	<b>1</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>					
Capital injection	5,000				
<b>Net cash flows generated from financing activity</b>	<b>5,000</b>				
Net increase/(decrease) in cash and cash equivalents	32	157	(37)	(7)	(34)
Cash and cash equivalents at beginning of period/ end		32	189	189	152
<b>Cash and cash equivalents as stated in the statement of financial position and cash flows</b>	<b>32</b>	<b>189</b>	<b>152</b>	<b>182</b>	<b>118</b>

## Huizhou NVC Trading Development Company Limited

## STATEMENTS OF PROFIT OR LOSS

For the period from 20 December 2016 (the date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019

	Period from	Year ended 31 December			Six months ended 30 June	
	20 December 2016 (date of incorporation to 31 December 2016	2017	2018	2018	2019	
	MB'000	MB'000	MB'000	MB'000	MB'000	
	( )	( )	( )	( )	( )	
<b>REVENUE</b>		2,154,931	2,246,537	1,056,266	969,262	
Cost of sale		(1,969,874)	(2,005,968)	(964,195)	(887,020)	
<b>Gross profit</b>		185,057	240,569	92,071	82,242	
Quasi income and gain		3,592	6,553	3,629	21,745	
Selling and distribution cost		(189,965)	(185,620)	(106,122)	(83,300)	
Administrative expense		(36,375)	(48,593)	(31,788)	(14,505)	
Quasi expense		(12)	(219)	(32)	16	
Finance cost			(21,286)	(19,644)	(3,084)	
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>		(37,703)	(8,596)	(61,886)	3,114	
Income tax		130	690	791	(1,570)	
<b>(LOSS)/PROFIT FOR THE PERIOD/YEAR</b>		<b>(37,573)</b>	<b>(7,906)</b>	<b>(61,095)</b>	<b>1,544</b>	

## Huizhou NVC Trading Development Company Limited

## STATEMENTS OF COMPREHENSIVE INCOME

For the period from 20 December 2016 (the date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019

	Period from 20 December 2016 (date of incorporation to 31 December		Year ended 31 December		Six months ended 30 June	
	2016	2017	2018	2018	2019	
	MB'000	MB'000	MB'000	MB'000	MB'000	
	( )	( )	( )	( )	( )	
<b>(LOSS)/PROFIT FOR THE PERIOD/YEAR</b>		(37,573)	(7,906)	(61,095)	1,544	
<b>OTHER COMPREHENSIVE INCOME</b>						
Items that will be reclassified to profit or loss: Fair value change of financial assets and liabilities that are classified as available-for-sale financial assets					812	
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>		(37,573)	(7,906)	(61,095)	2,356	

## Huizhou NVC Trading Development Company Limited

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016, 2017 and 2018 and 30 June 2019

	As at 31 December			As at
	2016	2017	2018	30 June
	MB'000	MB'000	MB'000	2019
	( )	( )	( )	MB'000
<b>NON-CURRENT ASSETS</b>				
Property, land and equipment		1,659	86	693
Quasi-intangible assets			48	1,523
Quasi-financial assets				1,312
Right-of-use assets				647
Deferred tax assets		130	6,469	6,202
<b>Total non-current assets</b>		<b>1,789</b>	<b>6,603</b>	<b>10,377</b>
<b>CURRENT ASSETS</b>				
Trade receivable		288,997	227,611	371,360
Bill receivable		84,491	401,329	248,000
Prepayment, deposits and other receivable		3,998	16,145	11,682
Income tax receivable			327	327
Quasi-current assets		19,317	1,184	193
Retained bank balances and other cash and deposits		85,000	82,165	71,848
Cash and cash equivalents		277,780	250,339	111,145
Derivative commodity		574,602	1,737,792	2,433,183
<b>Total current assets</b>		<b>1,334,185</b>	<b>2,716,892</b>	<b>3,247,738</b>
<b>CURRENT LIABILITIES</b>				
Trade and bill payable		2,225	350,750	374,418
Quasi-payable and accrual		200,220	186,920	166,117
Interest-bearing loans and borrowings			303,903	199,416
Lease liability				325
Derivative commodity		1,171,102	1,933,073	2,566,284
<b>Total current liabilities</b>		<b>1,373,547</b>	<b>2,774,646</b>	<b>3,306,560</b>
<b>NET CURRENT LIABILITIES</b>		<b>(39,362)</b>	<b>(57,754)</b>	<b>(58,822)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(37,573)</b>	<b>(51,151)</b>	<b>(48,445)</b>
<b>NON-CURRENT LIABILITIES</b>				
Lease liability				350
<b>Total non-current liabilities</b>				<b>350</b>
<b>Net liabilities</b>		<b>(37,573)</b>	<b>(51,151)</b>	<b>(48,795)</b>
<b>EQUITY</b>				
Paid-up capital				
Reserve		(37,573)	(51,151)	(48,795)
<b>Total equity</b>		<b>(37,573)</b>	<b>(51,151)</b>	<b>(48,795)</b>





## Huizhou NVC Trading Development Company Limited

## STATEMENTS OF CASH FLOWS

For the period from 20 December 2016 (the date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019

	Period from 20 December 2016 (date of incorporation to 31 December 2016 MB'000 ( )	Year ended 31 December 2017 MB'000 ( )		Six months ended 30 June 2018 MB'000 ( )		2019 MB'000 ( )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
(Loss)/profit before income tax		(37,703)	(8,596)	(61,886)		3,114
Adjusted for:						
Income tax		(3,292)	(3,952)	(3,581)		
Finance cost			21,286	19,644		3,084
Loss/(gain) on disposal of property, plant and equipment			186			(16)
Depreciation of property, plant and equipment		63	243	197		191
Amortisation of intangible assets			1			15
Impairment/(reversal of impairment) of trade receivable		520	17,794	18,198		(1,590)
			(40,412)	26,962	(27,428)	4,798
(Increase)/decrease in trade and bill receivable		(374,008)	(280,809)	(85,682)		11,170
(Increase)/decrease in prepayments, deposits and other receivable		(3,998)	(12,147)	(23,797)		4,463
(Increase)/decrease in other receivable		(19,317)	18,133	6,907		991
Increase in trade and bill payable		2,225	348,525	12,491		23,668
Increase/(decrease) in other payable and accrual		200,220	(13,300)	23,779		(20,803)
Increase in deferred income tax		(574,602)	(1,163,190)	(1,770,278)		(695,391)
Increase in deferred income tax		1,171,102	761,971	1,621,417		633,211
Cash generated from/(used in) operations		361,210	(313,855)	(242,591)		(37,893)
Income tax paid			(4,085)	(4,085)		(1,303)
<b>Net cash flows generated from/(used in) operating activities</b>		<b>361,210</b>	<b>(317,940)</b>	<b>(246,676)</b>		<b>(39,196)</b>



## Chongqing NVC Lighting Company Limited

## STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>REVENUE</b>	441,666	562,684	521,932	289,936	206,143
Cost of sale	(346,841)	(355,950)	(352,970)	(185,897)	(134,995)
<b>Gross profit</b>	94,825	206,734	168,962	104,039	71,148
Quasi income and gain	10,430	6,688	7,023	4,092	1,347
Selling and distribution cost	(10,852)	(16,458)	(21,338)	(7,097)	(5,086)
Administrative expense	(17,569)	(10,393)	(9,827)	(5,711)	(3,732)
Quasi expense	(3,343)	(2,984)	(219)	(89)	(66)
Finance cost	(1,335)		(1,209)		(95)
<b>PROFIT BEFORE INCOME TAX</b>	72,156	183,587	143,392	95,234	63,516
Income tax	(13,238)	(28,521)	(22,932)	(17,461)	(9,213)
<b>PROFIT FOR THE YEAR/PERIOD</b>	58,918	155,066	120,460	77,773	54,303
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD</b>	58,918	155,066	120,460	77,773	54,303

## Chongqing NVC Lighting Company Limited

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016, 2017, 2018 and 30 June 2019

	As at 31 December			As at
	2016	2017	2018	30 June
	MB'000	MB'000	MB'000	2019
	( )	( )	( )	MB'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	65,133	57,264	52,039	51,597
Intangible assets	10	10	9	9
Deferred tax assets	2,947	2,044	1,450	1,567
Receivables				2,163
Right-of-use assets				2,457
<b>Total non-current assets</b>	<b>68,090</b>	<b>59,318</b>	<b>53,498</b>	<b>57,793</b>
<b>CURRENT ASSETS</b>				
Inventory	40,245	56,480	54,215	45,750
Trade receivables			110	
Receivables, deposits and other receivables	645	940	1,303	942
Inventory		11,115		
Other assets		2,884	2	10
Cash and cash equivalents	9,954	44,289	5,632	12,001
Deferred income	1,299,690	1,432,035	1,207,167	1,245,878
<b>Total current assets</b>	<b>1,350,534</b>	<b>1,547,743</b>	<b>1,268,429</b>	<b>1,304,581</b>
<b>CURRENT LIABILITIES</b>				
Trade and bill payable	36,562	63,736	30,383	47,053
Other payable and accruals	50,930	61,071	94,728	98,994
Interest-bearing loan and borrowings			69,291	69,291
Contract liabilities	500	500	500	471
Inventory	3,123		1,119	3,083
Lease liabilities				1,008
Deferred income	16,092	15,771	539,963	500,662
<b>Total current liabilities</b>	<b>107,207</b>	<b>141,078</b>	<b>735,984</b>	<b>720,562</b>
<b>NET CURRENT ASSETS</b>	<b>1,243,327</b>	<b>1,406,665</b>	<b>532,445</b>	<b>584,019</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>1,311,417</b>	<b>1,465,983</b>	<b>585,943</b>	<b>641,812</b>
<b>NON-CURRENT LIABILITIES</b>				
Contract liabilities	1,221	721	221	
Lease liabilities				1,787
<b>Total non-current liabilities</b>	<b>1,221</b>	<b>721</b>	<b>221</b>	<b>1,787</b>
<b>Net assets</b>	<b>1,310,196</b>	<b>1,465,262</b>	<b>585,722</b>	<b>640,025</b>
<b>EQUITY</b>				
Paid-up capital	30,401	30,401	30,401	30,401
Reserves	1,279,795	1,434,861	555,321	609,624
<b>Total equity</b>	<b>1,310,196</b>	<b>1,465,262</b>	<b>585,722</b>	<b>640,025</b>

## Chongqing NVC Lighting Company Limited

## STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Paid-up capital <i>MB'000</i> ( )	Statutory reserve <i>MB'000</i> ( )	Retained profits <i>MB'000</i> ( )	Total <i>MB'000</i> ( )
<b>At 1 January 2016</b>	30,401	15,201	1,205,676	1,251,278
Profit and loss comprehensive income for the year			58,918	58,918
<b>At 31 December 2016 and 1 January 2017</b>	30,401	15,201	1,264,594	1,310,196
Profit and loss comprehensive income for the year			155,066	155,066
<b>At 31 December 2017 and 1 January 2018</b>	30,401	15,201	1,419,660	1,465,262
Profit and loss comprehensive income for the year			120,460	120,460
Dividend declared			(1,000,000)	(1,000,000)
<b>At 31 December 2018 and 1 January 2019</b>	30,401	15,201	540,120	585,722
Profit and loss comprehensive income for the period			54,303	54,303
<b>At 30 June 2019</b>	<u>30,401</u>	<u>15,201</u>	<u>594,423</u>	<u>640,025</u>
<b>At 1 January 2018</b>	30,401	15,201	1,419,660	1,465,262
Profit and loss comprehensive income for the period			77,773	77,773
Dividend declared			(1,000,000)	(1,000,000)
<b>At 30 June 2018</b>	<u>30,401</u>	<u>15,201</u>	<u>497,433</u>	<u>543,035</u>

## Chongqing NVC Lighting Company Limited

## STATEMENTS OF CASH FLOWS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016 MB'000 ( )	2017 MB'000 ( )	2018 MB'000 ( )	2018 MB'000 ( )	2019 MB'000 ( )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax	72,156	183,587	143,392	95,234	63,516
Adjustment for:					
Income tax	(833)	(109)	(586)	(81)	(23)
Finance cost	1,335		1,209		95
Write off of loss on disposal of property, plant and equipment		(609)			
Amortisation of intangible assets			1	1	
Loss on disposal of property, plant and equipment	2,856	113	204	54	
Decrease of loss on disposal of property, plant and equipment	16,696	13,153	11,638	5,865	5,936
Increase of loss on disposal of property, plant and equipment	4,387	91			
Realisation of impairment of trade receivable		(529)			
Increase/(decrease) of impairment of receivable, disposal of intangible assets		51	(700)		135
Realisation of share-do / share-do of investee	(2,648)	(4,565)	(1,708)	(2,413)	2,015
Government grant released to statement of profit or loss	(6,991)	(3,832)	(3,997)	(1,772)	(250)
	86,958	187,351	149,453	96,888	71,424
Decrease/(increase) in inventories	35,930	(11,670)	3,973	(5,169)	6,450
Decrease/(increase) in trade receivable	350	529	(110)	(21)	110
Decrease/(increase) in receivable, disposal of intangible assets	5,864	(346)	337	(3,424)	226
(Increase)/decrease in intangible assets		(2,884)	2,882	2,784	(8)
Increase/(decrease) in trade and bill payable	5,372	27,174	(33,353)	6,682	16,670
Increase in intangible assets	1,790	10,141	33,657	26,725	4,266
Receipt of government grant (Increase)/decrease in deferred government income	6,491	3,332	3,497	1,520	
(Decrease)/increase in deferred government income	(85,286)	(132,345)	224,868	(138,026)	(38,711)
(Decrease)/increase in deferred government income	(2,897)	(321)	92,192	668	(39,301)
	54,572	80,961	477,396	(11,373)	21,126
Income tax paid	(4,918)	(41,856)	(10,104)	(17,972)	(7,366)
<b>Net cash flows generated from/(used in) operating activities</b>	<b>49,654</b>	<b>39,105</b>	<b>467,292</b>	<b>(29,345)</b>	<b>13,760</b>

**Chongqing NVC Lighting Company Limited****STATEMENTS OF CASH FLOWS****For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019**

	Year ended 31 December			Six months ended 30 June	
	2016 MB'000	2017 MB'000	2018 MB'000	2018 MB'000	2019 MB'000
	( )	( )	( )	( )	( )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	833	109	586	81	23
Proceed from disposal of property, plant and equipment	529	616	1,312	1,042	111
Purchase of property, plant and equipment	(9,983)	(5,495)	(7,929)	(6,917)	(7,525)
<b>Net cash flows used in investing activities</b>	<b>(8,621)</b>	<b>(4,770)</b>	<b>(6,031)</b>	<b>(5,794)</b>	<b>(7,391)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid			(568,000)		
New bank loan			69,291		
Repayment of bank loan	(101,969)				
Interest paid	(1,335)		(1,209)		
<b>Net cash flows used in financing activities</b>	<b>(103,304)</b>		<b>(499,918)</b>		
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(62,271)</b>	<b>34,335</b>	<b>(38,657)</b>	<b>(35,139)</b>	<b>6,369</b>
Cash and cash equivalents at beginning of period	72,225	9,954	44,289	44,289	5,632
<b>Cash and cash equivalents as stated in the statement of financial position and cash flows</b>	<b>9,954</b>	<b>44,289</b>	<b>5,632</b>	<b>9,150</b>	<b>12,001</b>



**Zhuhai Dongshang Decorative Lighting Technology Company Limited**  
**STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**  
**For the period from 3 July 2018 (date of incorporation) to 31 December 2018 and six months ended 30 June 2019**

	Period from 3 July 2018 (date of incorporation) to 31 December 2018 <i>MB'000</i> ( )	Six months ended 30 June 2019 <i>MB'000</i> ( )
<b>REVENUE</b>	40,508	27,871
Cost of sale	<u>(25,274)</u>	<u>(18,525)</u>
<b>Gross profit</b>	15,234	9,346
Quasi income and gain	42	402
Selling and distribution cost	(2,972)	(1,239)
Administrative expense	<u>(451)</u>	<u>(1,834)</u>
<b>PROFIT BEFORE INCOME TAX</b>	11,853	6,675
Income tax	<u>(2,963)</u>	<u>(1,642)</u>
<b>PROFIT FOR THE PERIOD</b>	8,890	5,033
OTHER COMPREHENSIVE INCOME	<u>                    </u>	<u>                    </u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><u>8,890</u></u>	<u><u>5,033</u></u>

## Zhuhai Dongshang Decorative Lighting Technology Company Limited

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018 and 30 June 2019

	As at 31 December 2018 MB'000 ( )	As at 30 June 2019 MB'000 ( )
<b>CURRENT ASSETS</b>		
Inventory	966	1,738
Trade receivable	1,629	4,376
Bill receivable		351
Prepayment, deposit and other receivable	5	10
Other receivable		48
Retained bank balance and other items	39,000	
Cash and cash equivalents	2,886	3,618
Deferred income	8	31,096
<b>Total current assets</b>	<u>44,494</u>	<u>41,237</u>
<b>CURRENT LIABILITIES</b>		
Trade and bill payable	15,270	4,866
Other payable and accrual	13,656	10,548
Income payable	2,963	2,109
Deferred income	715	18,210
<b>Total current liabilities</b>	<u>32,604</u>	<u>35,733</u>
<b>NET CURRENT ASSETS, TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS</b>	<u><u>11,890</u></u>	<u><u>5,504</u></u>
<b>EQUITY</b>		
Paid-up capital	3,000	3,000
Reserve	8,890	2,504
<b>Total equity</b>	<u><u>11,890</u></u>	<u><u>5,504</u></u>

## Zhuhai Dongshang Decorative Lighting Technology Company Limited

## STATEMENTS OF CHANGES IN EQUITY

For the period from 3 July 2018 (date of incorporation) to 31 December 2018 and six months ended 30 June 2019

	Paid-up capital <i>MB'000</i>	Retained profits <i>MB'000</i>	Total <i>MB'000</i>
	( )	( )	( )
<b>At 3 July 2018 (date of incorporation)</b>			
Capital injected	3,000		3,000
Profit attributable to the equity holders of the period		8,890	8,890
<b>At 31 December 2018 and 1 January 2019</b>	3,000	8,890	11,890
Profit attributable to the equity holders of the period		5,033	5,033
Dividends declared		(11,419)	(11,419)
<b>At 30 June 2019</b>	<u>3,000</u>	<u>2,504</u>	<u>5,504</u>

## Zhuhai Dongshang Decorative Lighting Technology Company Limited

## STATEMENTS OF CASH FLOWS

For the period from 3 July 2018 (date of incorporation) to 31 December 2018 and six months ended 30 June 2019

	Period from 3 July 2018 (date of incorporation) to 31 December 2018 MB'000 ( )	Six months ended 30 June 2019 MB'000 ( )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	11,853	6,675
Adjustment for:		
Interest income	(32)	
	11,821	6,675
Increase in prepaids	(966)	(772)
Increase in trade and bill receivable	(1,629)	(3,098)
Increase in prepayments, deposits and other receivable	(5)	(5)
Increase in other receivables		(48)
Increase/(decrease) in trade payable	15,270	(10,404)
Increase/(decrease) in other payable and accrual	13,656	(3,108)
Increase in amount deferred from commission	(8)	(31,088)
Increase in amount deferred from commission	715	17,495
	38,854	(24,353)
Cash generated from/(used in) operating activities	38,854	(24,353)
Income tax paid		(2,496)
	38,854	(26,849)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	32	
(Increase)/decrease in investment in bank balances and other financial assets	(39,000)	39,000
	(38,968)	39,000
Net cash flow (used in)/generated from investing activities	(38,968)	39,000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital injection	3,000	
Dividend paid		(11,419)
	3,000	(11,419)
Net cash flows generated from/(used in) financing activities	3,000	(11,419)
Net increase in cash and cash equivalents	2,886	732
Cash and cash equivalents at beginning of period		2,886
	2,886	3,618
<b>Cash and cash equivalents as stated in the statement of financial position and cash flows</b>	<b>2,886</b>	<b>3,618</b>

## Zhongshan Leiya Lighting Company Limited

## STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the period from 15 June 2018 (date of incorporation) to 31 December 2018 and six months ended 30 June 2019

	Period from 15 June 2018 (date of incorporation) to 31 December 2018 MB'000 ( )	Period from 15 June 2018 (date of incorporation) to 30 June 2018 MB'000 ( )	Six months ended 30 June 2019 MB'000 ( )
<b>REVENUE</b>	3,000		36,856
Cost of sale	(2,649)		(36,599)
<b>Gross profit</b>	351		257
Quasi income and gain			49
Selling and distribution cost	(5)		(131)
Administrative expense	(1,473)	(175)	(1,644)
Quasi expense			(1)
Finance cost			(21)
<b>LOSS BEFORE INCOME TAX</b>	(1,127)	(175)	(1,491)
Income tax			
<b>LOSS FOR THE PERIOD</b>	(1,127)	(175)	(1,491)
OTHER COMPREHENSIVE INCOME			
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>(1,127)</u>	<u>(175)</u>	<u>(1,491)</u>

Zhongshan Leiya Lighting Company Limited  
 STATEMENTS OF FINANCIAL POSITION  
 As at 31 December 2018 and 30 June 2019

	As at 31 December 2018 MB'000 ( )	As at 30 June 2019 MB'000 ( )
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	444	413
Intangible assets		2
Right-of-use assets		539
<b>Total non-current assets</b>	<u>444</u>	<u>954</u>
<b>CURRENT ASSETS</b>		
Inventory	2,573	653
Receivables, deposits and other receivables	386	218
Other current assets		753
Cash and cash equivalents	484	7,171
Deferred income		445
<b>Total current assets</b>	<u>3,443</u>	<u>9,240</u>
<b>CURRENT LIABILITIES</b>		
Trade and bill payable	2,242	4,349
Other payable and accruals	1,972	827
Lease liabilities		548
Deferred income		1,088
<b>Total current liabilities</b>	<u>4,214</u>	<u>6,812</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	<u>(771)</u>	<u>2,428</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>(327)</u>	<u>3,382</u>
<b>Net (liabilities)/assets</b>	<u>(327)</u>	<u>3,382</u>
<b>EQUITY</b>		
Paid-up capital	800	6,000
Reserves	(1,127)	(2,618)
<b>Total equity</b>	<u>(327)</u>	<u>3,382</u>

## Zhongshan Leiya Lighting Company Limited

## STATEMENTS OF CHANGES IN EQUITY

For the period from 15 June 2018 (date of incorporation) to 31 December 2018 and six months ended 30 June 2019

	Paid-up capital <i>MB'000</i>	Accumulated losses <i>MB'000</i>	Total <i>MB'000</i>
	( )	( )	( )
<b>At 15 June 2018 (date of incorporation)</b>			
Lo a d t q al com e he i e i come f a t he a i o d		(1,127)	(1,127)
Ca i a l i j e q i o	800		800
	<u>800</u>		<u>800</u>
<b>At 31 December 2018 and</b>			
<b>1 January 2019</b>			
Lo a d t q al com e he i e i come f a t he a i o d	800	(1,127)	(327)
Lo a d t q al com e he i e i come f a t he a i o d		(1,491)	(1,491)
Ca i a l i j e q i o	5,200		5,200
	<u>5,200</u>		<u>5,200</u>
<b>At 30 June 2019</b>	<u>6,000</u>	<u>(2,618)</u>	<u>3,382</u>
<b>At 15 June 2018 (date of incorporation)</b>			
Lo a d t q al com e he i e i come f a t he a i o d		(175)	(175)
Ca i a l i j e q i o	100		100
	<u>100</u>		<u>100</u>
<b>At 30 June 2018</b>	<u>100</u>	<u>(175)</u>	<u>(75)</u>

## Zhongshan Leiya Lighting Company Limited

## STATEMENTS OF CASH FLOWS

For the period from 15 June 2018 (date of incorporation) to 31 December 2018 and six months ended 30 June 2019

	Period from 15 June 2018 (date of incorporation) to 31 December 2018 MB'000 ( )	Period from 15 June 2018 (date of incorporation) to 30 June 2018 MB'000 ( )	Six months ended 30 June 2019 MB'000 ( )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax	(1,127)	(175)	(1,491)
Adjustment for:			
Finance cost			21
Decrease/increase of item of stock, land and investment	7		407
	(1,120)	(175)	(1,063)
(Increase)/decrease in inventory	(2,573)		1,920
(Increase)/decrease in prepayment and other receivable	(386)	(205)	168
Increase in other current asset			(753)
Increase in trade payable and bill payable	2,242		2,107
Increase/(decrease) in other payable and accrual	1,972	1,316	(1,145)
Increase in amount due from group company			(445)
Increase in amount due to group company			1,088
<b>Cash generated from operations and net cash flows generated from operating activities</b>	<b>135</b>	<b>936</b>	<b>1,877</b>



## Zhongshan Leiya Lighting Company Limited

## STATEMENTS OF CASH FLOWS

For the period from 15 June 2018 (date of incorporation) to 31 December 2018 and six months ended 30 June 2019

	Period from 15 June 2018 (date of incorporation) to 31 December 2018 MB'000 ( )	Period from 15 June 2018 (date of incorporation) to 30 June 2018 MB'000 ( )	Six months ended 30 June 2019 MB'000 ( )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of items of fixed, intangible and other assets	(451)	(46)	(52)
Additions to other intangible assets			(2)
<b>Net cash flows used in investing activities</b>	<u>(451)</u>	<u>(46)</u>	<u>(54)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital injection	800	100	5,200
Lease payments			(336)
<b>Net cash flows generated from financing activities</b>	<u>800</u>	<u>100</u>	<u>4,864</u>
Net increase in cash and cash equivalents	484	990	6,687
Cash and cash equivalents at beginning of period			484
<b>Cash and cash equivalents as stated in the statement of financial position and cash flows</b>	<u>484</u>	<u>990</u>	<u>7,171</u>

## Zhuhai NVC Logistics Company Limited

## STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the period from 30 October 2017 (date of incorporation) to 31 December 2017, year ended 31 December 2018 and six months ended 30 June 2019

	For the period from 30 October 2017 (date of incorporation) to 31 December 2017 MB'000 ( )	For the year ended 31 December 2018 MB'000 ( )	Six months ended 30 June 2018 MB'000 ( )		2019 MB'000 ( )
<b>REVENUE</b>					
Q h a i c o m e a d g a i		66,794	517		69,028
S e l l i n g a d d i t i o n a l c o s t		(62,418)			(60,831)
A d m i n i s t r a t i v e e x p e n s e s		(3,184)	(976)		(1,763)
Q h a e e e	(133)				
F i n a n c i a l c o s t					(1,190)
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>	(133)	1,192	(459)		5,244
I n c o m e t a x		(298)			(1,744)
<b>(LOSS)/PROFIT FOR THE PERIOD/YEAR</b>	(133)	894	(459)		3,500
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>	(133)	894	(459)		3,500

**Zhuhai NVC Logistics Company Limited**  
**STATEMENTS OF FINANCIAL POSITION**  
**As at 31 December 2017 and 2018 and 30 June 2019**

	As at 31 December		As at 30 June
	2017	2018	2019
	MB'000	MB'000	MB'000
	( )	( )	( )
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		5,617	5,207
Right-of-use asset			38,434
<b>Total non-current assets</b>		<b>5,617</b>	<b>43,641</b>
<b>CURRENT ASSETS</b>			
Bill receivable			154
Prepayment, deposit and other receivable	7,923	11,888	5,935
Other receivable		457	
Cash and cash equivalents	2,000	6,765	12,669
Deferred income	5,352	46,594	36,015
<b>Total current asset</b>	<b>15,275</b>	<b>65,704</b>	<b>54,773</b>
<b>CURRENT LIABILITIES</b>			
Other payable and accrual	13,408	51,648	29,952
Lease liability			18,236
Income tax payable		298	1,739
Deferred income		8,614	14,720
<b>Total current liabilities</b>	<b>13,408</b>	<b>60,560</b>	<b>64,647</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>1,867</b>	<b>5,144</b>	<b>(9,874)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>1,867</b>	<b>10,761</b>	<b>33,767</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability			19,506
<b>Total non-current liabilities</b>			<b>19,506</b>
<b>Net assets</b>	<b>1,867</b>	<b>10,761</b>	<b>14,261</b>
<b>EQUITY</b>			
Paid-up capital	2,000	10,000	10,000
Reserve	(133)	761	4,261
<b>Total equity</b>	<b>1,867</b>	<b>10,761</b>	<b>14,261</b>

## Zhuhai NVC Logistics Company Limited

## STATEMENTS OF CHANGES IN EQUITY

For the period from 30 October 2017 (date of incorporation) to 31 December 2017, year ended 31 December 2018 and six months ended 30 June 2019

	Paid-up capital <i>MB'000</i>	Accumulated losses <i>MB'000</i>	Total <i>MB'000</i>
	( )	( )	( )
<b>At 30 October 2017 (date of incorporation)</b>			
Lo a dt q al com s ehe i e i come f o t he o i o d		(133)	(133)
Ca t al i jeq i o	2,000		2,000
	<u>2,000</u>		<u>2,000</u>
<b>At 31 December 2017 and 1 January 2018</b>	2,000	(133)	1,867
R o f t a dt q al com s ehe i e i come f o t he e a		894	894
Ca t al i jeq i o	8,000		8,000
	<u>8,000</u>		<u>8,000</u>
<b>At 31 December 2018 and 1 January 2019</b>	10,000	761	10,761
R o f t a dt q al com s ehe i e i come f o t he o i o d		3,500	3,500
	<u>10,000</u>	<u>761</u>	<u>10,761</u>
<b>At 30 June 2019</b>	<u>10,000</u>	<u>4,261</u>	<u>14,261</u>
<b>At 1 January 2018</b>	2,000	(133)	1,867
R o f t a dt q al com s ehe i e i come f o t he o i o d		(459)	(459)
	<u>2,000</u>	<u>(133)</u>	<u>1,867</u>
<b>At 30 June 2018</b>	<u>2,000</u>	<u>(592)</u>	<u>1,408</u>

## Zhuhai NVC Logistics Company Limited

## STATEMENTS OF CASH FLOWS

For the period from 30 October 2017 (date of incorporation) to 31 December 2017, year ended 31 December 2018 and six months ended 30 June 2019

	Period from 30 October 2017 (date of incorporation) to 31 December 2017 MB'000 ( )	Year ended 31 December 2018 MB'000 ( )	Six months ended 30 June 2018 MB'000 ( )	2019 MB'000 ( )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/profit before income tax	(133)	1,192	(459)	5,244
Adjustment for:				
Interest income		(44)	(6)	(67)
Finance cost				1,190
Decrease/increase of provisions, liabilities and other items		386	22	8,736
Government grant received from the government of the PRC		(119)	(119)	
	(133)	1,415	(562)	15,103
Increase in trade receivable			(758)	(154)
(Increase)/decrease in prepayments, deposits and other receivable	(7,923)	(3,965)	(17,210)	3,529
(Increase)/decrease in other receivable		(457)	(22)	457
Increase/(decrease) in other receivable and accounts	13,408	38,240	27,065	(21,696)
Receipt of government grant		119	119	
(Increase)/decrease in amount due from government	(5,352)	(41,242)	(12,955)	10,579
Increase in amount due to government		8,614	6,455	6,106
		2,724	2,132	13,924
Cash generated from operations			22	(303)
<b>Net cash flows generated from operating activities</b>		<b>2,724</b>	<b>2,154</b>	<b>13,621</b>

## Zhuhai NVC Logistics Company Limited

## STATEMENTS OF CASH FLOWS

For the period from 30 October 2017 (date of incorporation) to 31 December 2017, year ended 31 December 2018 and six months ended 30 June 2019

	Period from 30 October 2017 (date of incorporation) to 31 December 2017 MB'000	Year ended 31 December 2018 MB'000	Six months ended 30 June 2018 MB'000	
	( )	( )	( )	( )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received		44	6	67
Repayment for and discharge of item of contract, late and delay		(6,003)	(624)	(181)
<b>Net cash flows used in investing activities</b>		<b>(5,959)</b>	<b>(618)</b>	<b>(114)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Capital injection	2,000	8,000		
Lease payment				(7,603)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>2,000</b>	<b>8,000</b>		<b>(7,603)</b>
Net increase in cash and cash equivalents	2,000	4,765	1,536	5,904
Cash and cash equivalents at beginning of period/ear		2,000	2,000	6,765
<b>Cash and cash equivalents as stated in the statement of financial position and cash flows</b>	<b>2,000</b>	<b>6,765</b>	<b>3,536</b>	<b>12,669</b>

**Zhuhai Yaohui Technology Co., Ltd.****STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**

**For the period from 21 January 2016 (date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019**

	Period from 21 January 2016 (date of incorporation) to 31 December 2016 <i>MB'000</i> ( )	Year ended 31 December 2017 <i>MB'000</i> ( )		2018 <i>MB'000</i> ( )		Six months ended 30 June 2018 <i>MB'000</i> ( )		2019 <i>MB'000</i> ( )
<b>REVENUE</b>								
Administrative fee		(4)	(3)	(3)	(1)			
<b>LOSS BEFORE INCOME</b>								
<b>TAX</b>		(4)	(3)	(3)	(1)			
Income tax								
<b>LOSS FOR THE PERIOD/ YEAR</b>		(4)	(3)	(3)	(1)			
<b>OTHER COMPREHENSIVE INCOME</b>								
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>		(4)	(3)	(3)	(1)			

## Zhuhai Yaohui Technology Co., Ltd.

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016, 2017 and 2018 and 30 June 2019

	As at 31 December			As at
	2016	2017	2018	30 June
	MB'000	MB'000	MB'000	2019
	( )	( )	( )	MB'000
	( )	( )	( )	( )
<b>NON-CURRENT ASSET</b>				
Intangible assets	100	100	100	100
<b>Total non-current asset</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>CURRENT ASSETS</b>				
Prepayments, deposits and other receivable	1			
Cash and cash equivalents	4	11	8	7
<b>Total current assets</b>	<b>5</b>	<b>11</b>	<b>8</b>	<b>7</b>
<b>CURRENT LIABILITIES</b>				
Accounts payable and accruals	105	115	115	115
<b>Total current liabilities</b>	<b>105</b>	<b>115</b>	<b>115</b>	<b>115</b>
<b>NET CURRENT LIABILITIES</b>	<b>(100)</b>	<b>(104)</b>	<b>(107)</b>	<b>(108)</b>
<b>TOTAL ASSETS LESS</b>				
<b>CURRENT LIABILITIES</b>		(4)	(7)	(8)
<b>Net liabilities</b>		<b>(4)</b>	<b>(7)</b>	<b>(8)</b>
<b>EQUITY</b>				
Paid-up capital				
Reserves		(4)	(7)	(8)
<b>Total equity</b>		<b>(4)</b>	<b>(7)</b>	<b>(8)</b>



**Zhuhai Yaohui Technology Co., Ltd.****STATEMENTS OF CHANGES IN EQUITY**

**For the period from 21 January 2016 (date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019**

	Paid-up capital <i>MB'000</i>	Accumulated losses <i>MB'000</i>	Total <i>MB'000</i>
	( )	( )	( )
<b>At 21 January 2016 (date of incorporation), 31 December 2016 and 1 January 2017</b>			
Losses attributable to the equity holders	_____	(4)	(4)
<b>At 31 December 2017 and 1 January 2018</b>		(4)	(4)
Losses attributable to the equity holders	_____	(3)	(3)
<b>At 31 December 2018 and 1 January 2019</b>		(7)	(7)
Losses attributable to the equity holders	_____	(1)	(1)
<b>At 30 June 2019</b>	_____	(8)	(8)
<b>At 1 January 2018</b>		(4)	(4)
Losses attributable to the equity holders	_____	(3)	(3)
<b>At 30 June 2018</b>	_____	(7)	(7)

## Zhuhai Yaohui Technology Co., Ltd.

## STATEMENTS OF CASH FLOWS

For the period from 21 January 2016 (date of incorporation) to 31 December 2016, years ended 31 December 2017 and 2018 and six months ended 30 June 2019

	Period from				
	21 January				
	2016 (date of incorporation)				
	to 31 December	Year ended 31 December			Six months ended 30 June
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Loss before income tax		(4)	(3)	(3)	(1)
(Increase)/decrease in					
prepaid expenses and					
receivables	(1)	1			
Increase in payable and					
accrual	5	10			
<b>Net cash flows generated from/(used in) operating activities</b>	<b>4</b>	<b>7</b>	<b>(3)</b>	<b>(3)</b>	<b>(1)</b>
Net increase/(decrease) in cash and cash equivalents	4	7	(3)	(3)	(1)
Cash and cash equivalents at beginning of period		4	11	11	8
<b>Cash and cash equivalents as stated in the statement of financial position and cash flows</b>	<b>4</b>	<b>11</b>	<b>8</b>	<b>8</b>	<b>7</b>

## Zhuhai Shenghuayang Technology Company Limited

## STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>REVENUE</b>					
Q h a i c o m e a d g a i		33,425	28,629		
A d m i n i s t r a t i o n e x p e n s e s	(42)	(41)	(26)	(26)	
Q h a o a i g e e e					(1)
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>	(42)	33,384	28,603	(26)	(1)
I n c o m e t a			(12,264)		
<b>(LOSS)/PROFIT FOR THE YEAR/PERIOD</b>	(42)	33,384	16,339	(26)	(1)
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD</b>	(42)	33,384	16,339	(26)	(1)

## Zhuhai Shenghuayang Technology Company Limited

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016, 2017 and 2018 and 30 June 2019

	As at 31 December			As at
	2016	2017	2018	30 June
	MB'000	MB'000	MB'000	2019
	( )	( )	( )	MB'000
<b>NON-CURRENT ASSET</b>				
Intangible assets	33,375	33,375	213,458	213,458
<b>Total non-current asset</b>	<b>33,375</b>	<b>33,375</b>	<b>213,458</b>	<b>213,458</b>
<b>CURRENT ASSETS</b>				
Prepayments, deposits and other receivable	5	15	16	15
Cash and cash equivalents	63	42	13	13
Deferred income			62,004	62,004
<b>Total current assets</b>	<b>68</b>	<b>57</b>	<b>62,033</b>	<b>62,032</b>
<b>CURRENT LIABILITIES</b>				
Accounts payable	33,397	2		
Income tax payable			12,264	12,264
Deferred income			213,458	213,458
<b>Total current liabilities</b>	<b>33,397</b>	<b>2</b>	<b>225,722</b>	<b>225,722</b>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	<b>(33,329)</b>	<b>55</b>	<b>(163,689)</b>	<b>(163,690)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				
	46	33,430	49,769	49,768
<b>Net assets</b>	<b>46</b>	<b>33,430</b>	<b>49,769</b>	<b>49,768</b>
<b>EQUITY</b>				
Paid-up capital	100	100	100	100
Reserves	(54)	33,330	49,669	49,668
<b>Total equity</b>	<b>46</b>	<b>33,430</b>	<b>49,769</b>	<b>49,768</b>

## Zhuhai Shenghuayang Technology Company Limited

## STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Paid-up capital <i>MB'000</i> ( )	(Accumulated losses)/ retained profits <i>MB'000</i> ( )	Total <i>MB'000</i> ( )
<b>At 1 January 2016</b>	100	(12)	88
Loss attributable to the ordinary shareholders	—	(42)	(42)
<b>At 31 December 2016 and 1 January 2017</b>	100	(54)	46
Profit attributable to the ordinary shareholders	—	33,384	33,384
<b>At 31 December 2017 and 1 January 2018</b>	100	33,330	33,430
Profit attributable to the ordinary shareholders	—	16,339	16,339
<b>At 31 December 2018 and 1 January 2019</b>	100	49,669	49,769
Loss attributable to the ordinary shareholders	—	(1)	(1)
<b>At 30 June 2019</b>	<u>100</u>	<u>49,668</u>	<u>49,768</u>
<b>At 1 January 2018</b>	100	33,330	33,430
Loss attributable to the ordinary shareholders	—	(26)	(26)
<b>At 30 June 2018</b>	<u>100</u>	<u>33,304</u>	<u>33,404</u>

**Zhuhai Shenghuayang Technology Company Limited**  
**STATEMENTS OF CASH FLOWS**

## Zhuhai NVC Technology Company Limited

## STATEMENTS OF PROFIT OR LOSS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>REVENUE</b>					
Administrative fee			(90)		(46)
Share of result of associate			67	1,064	3,480
Share of result of joint venture			(49,332)		(3,965)
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>					
Income tax			(49,355)	1,064	(531)
<b>(LOSS)/PROFIT FOR THE YEAR/PERIOD</b>					
			(49,355)	1,064	(531)

## Zhuhai NVC Technology Company Limited

## STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>(LOSS)/PROFIT FOR THE YEAR/PERIOD</b>			(49,355)	1,064	(531)
<b>OTHER COMPREHENSIVE INCOME</b>					
Reclassification of financial assets to financial liabilities					
Financial assets at fair value through profit or loss					
Financial assets at fair value through other comprehensive income, net of tax			3,661		956
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD</b>			<b>(45,694)</b>	<b>1,064</b>	<b>425</b>



Zhuhai NVC Technology Company Limited  
 STATEMENTS OF FINANCIAL POSITION  
 As at 31 December 2016, 2017 and 2018 and 30 June 2019

	As at 31 December			As at
	2016	2017	2018	30 June
	MB'000	MB'000	MB'000	2019
	( )	( )	( )	MB'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment			180	134
Investment in subsidiaries			113,645	113,645
Investment in associates			62,590	66,070
Investment in joint venture			50,668	48,703
Long-term intangible assets fair value less impairment			6,882	8,426
<b>Total non-current assets</b>			<b>233,965</b>	<b>236,978</b>
<b>CURRENT ASSETS</b>				
Deferred income tax				2,000
<b>Total current assets</b>				<b>2,000</b>
<b>CURRENT LIABILITIES</b>				
Deferred income tax			183,413	187,413
<b>Total current liabilities</b>			<b>183,413</b>	<b>187,413</b>
<b>NET CURRENT LIABILITIES</b>			<b>(183,413)</b>	<b>(185,413)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>50,552</b>	<b>51,565</b>
<b>NON-CURRENT LIABILITY</b>				
Deferred tax liability			1,221	1,809
<b>Total non-current liability</b>			<b>1,221</b>	<b>1,809</b>
<b>Net assets</b>			<b>49,331</b>	<b>49,756</b>
<b>EQUITY</b>				
Paid-up capital			49,331	49,756
Reserve				
<b>Total equity</b>			<b>49,331</b>	<b>49,756</b>

## Zhuhai NVC Technology Company Limited

## STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Paid-up capital MB'000	Other reserve MB'000	Statutory reserve MB'000	(Accumulated losses)/ retained profits MB'000	Total MB'000
	( )	( )	( )	( )	( )
<b>At 1 January 2016,</b>					
<b>31 December 2016 and 2017</b>					
<b>and 1 January 2018</b>					
Loss for the year				(49,355)	(49,355)
Other comprehensive income:					
Financial change of fair value of available-for-sale financial assets		3,661			3,661
Total comprehensive income for the year		3,661		(49,355)	(45,694)
Government grants		95,025			95,025
Transfer to retained earnings			1,749	(1,749)	
<b>At 31 December 2018 and</b>					
<b>1 January 2019</b>		98,686	1,749	(51,104)	49,331
Loss for the period				(531)	(531)
Other comprehensive income:					
Financial change of fair value of available-for-sale financial assets		956			956
Total comprehensive income for the period		956		(531)	425
<b>At 30 June 2019</b>		99,642	1,749	(51,635)	49,756
<b>At 1 January 2018</b>					
Profit attributable to owners of the period				1,064	1,064
Government grants		95,025			95,025
<b>At 30 June 2018</b>		95,025		1,064	96,089

## Zhuhai NVC Technology Company Limited

## STATEMENTS OF CASH FLOWS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016 MB'000	2017 MB'000	2018 MB'000	2018 MB'000	2019 MB'000
	( )	( )	( )	( )	( )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(Loss)/profit before income tax			(49,355)	1,064	(531)
Adjustment for:					
Depreciation of fixed assets, intangible assets			90		46
Share of profit of associate			(67)	(1,064)	(3,480)
Share of profit of joint venture			49,332		3,965
Interest received from group companies					(2,000)
Interest received from group companies			17,270	17,270	2,000
<b>Net cash flows generated from operating activities</b>			<b>17,270</b>	<b>17,270</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>					
Purchase of fixed assets, intangible assets			(270)	(270)	
Investment in subsidiary			(17,000)	(17,000)	
<b>Net cash flows used in investing activity</b>			<b>(17,270)</b>	<b>(17,270)</b>	
Net change in cash and cash equivalents					
Cash and cash equivalents at beginning of each period					
<b>Cash and cash equivalents as stated in the statement of financial position and cash flows</b>					

## Blue Light (HK) Trading Co., Limited and its subsidiaries

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>REVENUE</b>	514,885	893,178	1,244,172	566,872	484,949
Cost of sale	(320,335)	(509,167)	(735,568)	(336,802)	(277,732)
<b>Gross profit</b>	194,550	384,011	508,604	230,070	207,217
Quarantine and gain	1,250	14,281	21,608	4,263	9,871
Selling and distribution cost	(95,900)	(179,473)	(289,945)	(140,299)	(132,817)
Administrative expenses	(34,073)	(63,021)	(48,506)	(21,004)	(28,527)
Quarantine and gain, net	(599)	(2,932)	(310)	(248)	(82)
Finance cost		(294)	(566)	(445)	(316)
Share of result of associate		896	(436)	(436)	
<b>PROFIT BEFORE INCOME TAX</b>	65,228	153,468	190,449	71,901	55,346
Income tax	(16,502)	(42,295)	(50,084)	(19,998)	(12,894)
<b>PROFIT FOR THE YEAR/PERIOD</b>	<b>48,726</b>	<b>111,173</b>	<b>140,365</b>	<b>51,903</b>	<b>42,452</b>
Attributable to:					
Owners of the parent	42,351	95,002	121,573	48,145	35,978
Non-controlling interest	6,375	16,171	18,792	3,758	6,474
	<b>48,726</b>	<b>111,173</b>	<b>140,365</b>	<b>51,903</b>	<b>42,452</b>

## Blue Light (HK) Trading Co., Limited and its subsidiaries

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	( )	( )	( )	( )	( )
<b>PROFIT FOR THE YEAR/ PERIOD</b>	48,726	111,173	140,365	51,903	42,452
<b>OTHER COMPREHENSIVE INCOME</b>					
Items that may be classified as either to profit or loss:					
Exchange difference on translation of foreign operations	(222)	208	687	(33)	(92)
	(222)	208	687	(33)	(92)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD</b>	<b>48,504</b>	<b>111,381</b>	<b>141,052</b>	<b>51,870</b>	<b>42,360</b>
Attributable to:					
Operations of the Company	42,129	95,210	122,260	48,112	35,886
Non-controlling interests	6,375	16,171	18,792	3,758	6,474
	<b>48,504</b>	<b>111,381</b>	<b>141,052</b>	<b>51,870</b>	<b>42,360</b>

**Blue Light (HK) Trading Co., Limited and its subsidiaries**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**As at 31 December 2016, 2017 and 2018 and 30 June 2019**

	As at 31 December			As at
	2016	2017	2018	30 June
	MB'000	MB'000	MB'000	2019
	( )	( )	( )	MB'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	1,553	3,296	9,502	8,519
Right-of-use asset				7,914
Quarantineable asset	1,356	2,236	2,355	2,162
Intangible asset		3,396		
Deferred tax asset				7
<b>Total non-current assets</b>	<b>2,909</b>	<b>8,928</b>	<b>11,857</b>	<b>18,602</b>
<b>CURRENT ASSETS</b>				
Inventory	68,677	81,819	59,040	102,881
Trade and bill receivable	51,391	101,475	236,529	217,164
Prepayment, deposit and other receivable	13,899	84,393	204,344	167,665
Loan receivable	15,000	68,000	12,000	
Cash and cash equivalents	125,703	83,754	36,861	113,975
Deferred government grant			22,623	15,777
<b>Total current assets</b>	<b>274,670</b>	<b>419,441</b>	<b>571,397</b>	<b>617,462</b>
<b>CURRENT LIABILITIES</b>				
Trade and bill payable	140,126	162,041	179,761	187,873
Quarantineable and other payable	81,045	68,826	60,773	51,403
Lease liability				932
Quarantineable		21,008		
Income tax payable	6,858	23,202	20,684	20,876
Deferred government grant			54,192	57,275
<b>Total current liabilities</b>	<b>228,029</b>	<b>275,077</b>	<b>315,410</b>	<b>318,359</b>
<b>NET CURRENT ASSETS</b>	<b>46,641</b>	<b>144,364</b>	<b>255,987</b>	<b>299,103</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>49,550</b>	<b>153,292</b>	<b>267,844</b>	<b>317,705</b>
<b>NON-CURRENT LIABILITIES</b>				
Lease liability				7,501
<b>Total non-current liabilities</b>				<b>7,501</b>
<b>Net assets</b>	<b>49,550</b>	<b>153,292</b>	<b>267,844</b>	<b>310,204</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	447	447	447	447
Reserve	42,128	137,338	235,999	271,885
	42,575	137,785	236,446	272,332
Non-controlling interest	6,975	15,507	31,398	37,872
<b>Total equity</b>	<b>49,550</b>	<b>153,292</b>	<b>267,844</b>	<b>310,204</b>

## Blue Light (HK) Trading Co., Limited and its subsidiaries

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Attributable to owners of the parent					Total MB'000	Non- controlling interests MB'000	Total MB'000
	Share capital MB'000	Statutory reserve MB'000	Other reserve MB'000	Foreign exchange reserve MB'000	(Accumulated losses)/ retained profits MB'000			
	( )	( )	( )	( )	( )	( )	( )	( )
At 1 January 2016	447				(1)	446		446
Profit for the year					42,351	42,351	6,375	48,726
Other comprehensive income:								
Exchange difference on translation of foreign operations				(222)		(222)		(222)
Total comprehensive income for the year				(222)	42,351	42,129	6,375	48,504
Transfer to retained earnings		6,064			(6,064)			
Capital contribution from non-controlling interest							600	600
At 31 December 2016 and 1 January 2017	447	6,064		(222)	36,286	42,575	6,975	49,550
Profit for the year					95,002	95,002	16,171	111,173
Other comprehensive income:								
Exchange difference on translation of foreign operations				208		208		208
Total comprehensive income for the year				208	95,002	95,210	16,171	111,381
Dividee combination							4,361	4,361
Divided aid to non-controlling interest							(12,000)	(12,000)
At 31 December 2017 and 1 January 2018	447	6,064		(14)	131,288	137,785	15,507	153,292
Profit for the year					121,573	121,573	18,792	140,365
Other comprehensive income:								
Exchange difference on translation of foreign operations				687		687		687
Total comprehensive income for the year				687	121,573	122,260	18,792	141,052

## Blue Light (HK) Trading Co., Limited and its subsidiaries

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Attributable to owners of the parent					Total MB'000	Non- controlling interests MB'000	Total MB'000
	Share capital MB'000	Statutory reserve MB'000	Other reserve MB'000	Foreign exchange reserve MB'000	(Accumulated losses)/ retained profits MB'000			
	( )	( )	( )	( )	( )	( )	( )	( )
Acquisition of additional subsidiaries			(22,689)			(22,689)	(2,311)	(25,000)
Transfer from retained earnings		(910)				(910)	910	
Capital contribution from non-controlling interest							(1,500)	(1,500)
<b>At 31 December 2018 and 1 January 2019</b>	447	5,154	(22,689)	673	252,861	236,446	31,398	267,844
Profit for the period					35,978	35,978	6,474	42,452
Other comprehensive income:								
Exchange difference on translation of foreign operations				(92)		(92)		(92)
Total comprehensive income for the period				(92)	35,978	35,886	6,474	42,360
<b>At 30 June 2019</b>	<b>447</b>	<b>5,154</b>	<b>(22,689)</b>	<b>581</b>	<b>288,839</b>	<b>272,332</b>	<b>37,872</b>	<b>310,204</b>
<b>At 1 January 2018</b>	447	6,064		(14)	131,288	137,785	15,507	153,292
Profit for the period					48,145	48,145	3,758	51,903
Other comprehensive income:								
Exchange difference on translation of foreign operations				(33)		(33)		(33)
Total comprehensive income for the period				(33)	48,145	48,112	3,758	51,870
Capital contribution from non-controlling interest							(1,500)	(1,500)
<b>At 30 June 2018</b>	<b>447</b>	<b>6,064</b>		<b>(47)</b>	<b>179,433</b>	<b>185,897</b>	<b>17,765</b>	<b>203,662</b>



## Blue Light (HK) Trading Co., Limited and its subsidiaries

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016 MB'000	2017 MB'000	2018 MB'000	2018 MB'000	2019 MB'000
	( )	( )	( )	( )	( )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before income tax	65,228	153,468	190,449	71,901	55,346
Adjustment for:					
Income tax	(318)	(2,410)	(1,016)	(587)	(464)
Finance cost		294	566	445	316
Loss on disposal of property, plant and equipment			151		19
Depreciation of property, plant and equipment	54	513	1,978	556	2,070
Amortisation of intangible assets	61	305	360	3	215
Share of result of an associate		(896)	436	436	
Gain on disposal of an associate			(140)	(140)	
Write-off of trade receivable			1,677	1,349	
Impairment/(reversal of impairment) of debt and trade receivable		33	(5)	(5)	
Write-down/(reversal of write-down) of inventory		2,359	2,707	506	(917)
	65,025	153,666	197,163	74,464	56,585
(Increase)/decrease in inventory	(68,677)	(11,343)	20,072	(2,981)	(42,924)
(Increase)/decrease in trade and bill receivable	(51,613)	(44,422)	(135,054)	(49,791)	19,365
(Increase)/decrease in inventory, debt and trade receivable	(13,452)	(61,436)	(64,334)	(27,091)	48,431
Increase/(decrease) in trade and bill payable	140,126	10,549	17,720	(10,178)	8,112
Increase/(decrease) in trade payable and accrual	81,044	(22,637)	(8,053)	74,468	(9,370)
(Increase)/decrease in amount due from group companies			(22,623)		6,846
Increase in amount due to group companies			54,192		3,083
	152,453	24,377	59,083	58,891	90,128
Income tax paid	(9,644)	(26,341)	(52,602)	(11,491)	(12,702)
<b>Net cash flows generated from/(used in) operating activities</b>	<b>142,809</b>	<b>(1,964)</b>	<b>6,481</b>	<b>47,400</b>	<b>77,426</b>

## Blue Light (HK) Trading Co., Limited and its subsidiaries

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019

	Year ended 31 December			Six months ended 30 June	
	2016 MB'000	2017 MB'000	2018 MB'000	2018 MB'000	2019 MB'000
	( )	( )	( )	( )	( )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	318	2,410	414	313	464
Payment for acquisition of items of software, land and equipment	(1,607)	(672)	(8,335)	(5,504)	(383)
Addition of intangible assets	(1,417)	(1,151)	(479)		(22)
Net cash flow for acquisition of subsidiaries		267			
Interest in associates		(2,500)			
Loan made	(15,000)	(53,000)			
Proceed from disposal of associates			2,500	2,500	
Dividends received from associates			600	600	
Acquisition of additional investment in subsidiaries			(25,000)		
<b>Net cash flows (used in)/ generated from investing activities</b>	<b>(17,706)</b>	<b>(54,646)</b>	<b>(30,300)</b>	<b>(2,091)</b>	<b>59</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Capital contribution from controlling shareholders	600				
Proceed from/(payment of borrowings)		19,900	(21,008)	(21,008)	
Interest paid		(239)	(566)	(445)	(8)
Dividend paid to controlling shareholders		(5,000)	(1,500)	(1,500)	
Lease payment					(363)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>600</b>	<b>14,661</b>	<b>(23,074)</b>	<b>(22,953)</b>	<b>(371)</b>
Net increase/(decrease) in cash and cash equivalents	125,703	(41,949)	(46,893)	22,356	77,114
Cash and cash equivalents at beginning of period		125,703	83,754	83,754	36,861
<b>Cash and cash equivalents as stated in the consolidated statement of financial position and cash flows</b>	<b>125,703</b>	<b>83,754</b>	<b>36,861</b>	<b>106,110</b>	<b>113,975</b>

The opening and closing balances are recorded by Zh hai NVC Lia gjia Tech olog Com a Limited in its financial statements on 1 February 2018 and up to 30 June 2019.

## NOTES TO THE UNAUDITED FINANCIAL INFORMATION OF THE DISPOSAL ENTITIES

### 1. GENERAL

Parent of the share agreement dated 10 August 2019 (the Share Purchase Agreement) entered into among NVC Lighting Holding Limited (the Company), LED Holding Limited (LED Holding), a subsidiary of the Company, Billiat Lighting International Holding Limited (Holdco) (a company which owns 100% of the share capital of the Company), Billiat Lighting Investment Limited (the Company) and Lighting Holding II Limited (Lighting Holding II) (a company which owns 100% of the share capital of Holdco), the Company and LED Holding have concluded in agreement in order of, and the Company has concluded in agreement to acquire the 100% equity interest in the Target Company at the conclusion of the Cash Concession and Share Concession.

Before the disposal of the share capital of the Target Company (the Disposal), the Company directly, and indirectly through LED Holding, holds a 100% equity interest in the Target Company. After the completion of the Disposal in accordance with the terms and conditions of the Share Purchase Agreement, the Company and Lighting Holding II will respectively indirectly hold 30% and 70% of the total equity interest in the Target Company.

### 2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rule, and does not follow the provisions of the applicable accounting standards of the Disposal.

The amount included in the Unaudited Financial Information has been recognized and measured in accordance with the relevant accounting policies of the Company as at the end of the year ended 31 December 2016, 2017 and 2018 and the interim period for the month ended 30 June 2019, which conform with International Financial Reporting Standards (IFRS) (which included all IFRS, International Accounting Standards (IAS) and Interpretations) issued by the International Accounting Standards Board (IASB), and the disclosure requirements of the Hong Kong Companies Ordinance. The Unaudited Financial Information has been prepared on the historical cost convention, except for certain financial instruments that have been measured at fair value. The Unaudited Financial Information is presented in RMB and all amounts are rounded to the nearest thousand ('000) except where otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in IAS 1 (Revised) Presentation of Financial Statements or a set of condensed financial statements as defined in IAS 34 Interim Financial Reporting issued by the IASB and should be read in conjunction with the balance sheet of the Company for the year ended 31 December 2016, 2017 and 2018 and the interim financial statements of the Company for the month ended 30 June 2019.

## APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

Set out below is the management discussion and analysis of the Remaining Group for the financial years ended 31 December 2016 (FY2016), 2017 (FY2017) and 2018 (FY2018) and the interim months ended 30 June 2019 (1H2019) (collectively referred to as the **Track Record Period**). The financial data is derived from the Remaining Group, for the scope of this circular, is derived from audited management accounts of the Remaining Group during the Track Record Period.

### BUSINESS REVIEW

After the Dividend, the Remaining Group will be mainly engaged in: (i) the China Remaining Business; (ii) the China ODM Business (together with China Remaining Business, referred to as **Retained China Business**); and (iii) the International Business. The Company has commenced the International Business before its listing on the Stock Exchange in 2010 and has been vigorously promoting the development of the international market. There are a large amount of profit margin from the International Business accounted for 70% and 75% of total Remaining Group's revenue and profit margin, respectively, during the Track Record Period. With the increase in the global market demand of LED lighting products and the rise of OEM and ODM market, OEM market has become a room for strategic development of LED lighting enterprises. In November 2018, the Company successfully acquired ETI Solid State HK, the fastest growing digital channel in the North America. The profit/loss (loss) of the Remaining Group attributable to shareholders of the Company are as follows: RMB(69) million, RMB(75) million, RMB4 million and a profit of RMB553 million during FY2016, FY2017, FY2018 and 1H2019, respectively.

### REVENUE

Sales revenue represents the invoiced sale of goods sold, after allowance for discounts and trade discounts. The total sales of the Remaining Group are RMB1,585 million, RMB1,600 million, RMB1,719 million, and RMB1,085 million during FY2016, FY2017, FY2018 and 1H2019, respectively.

The table below sets out the revenue of the Remaining Group by geographical location:

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
<b>Revenue</b>					
International Business	1,176,502	1,252,869	1,275,676	626,031	900,086
Retained China Business	408,364	346,819	443,057	174,379	185,305
<b>Total</b>	<b>1,584,866</b>	<b>1,599,688</b>	<b>1,718,733</b>	<b>800,410</b>	<b>1,085,391</b>

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**APPENDIX III      MANAGEMENT DISCUSSION AND ANALYSIS ON  
THE REMAINING GROUP**

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The net income of International Business for 1H2019 was approximately RMB900 million, representing a decrease of 43.8% as compared with the same period ended 30 June 2018 (1H2018). The decrease was mainly due to additional net income contributed by ETI Solid State HK, which was acquired by the Company in November 2018.

The net income of Required China Business for 1H2019 was approximately RMB185 million, representing a decrease of 6.3% as compared with 1H2018. The decrease was mainly due to the impact of the change of LED lighting products. Under the impact of the change of product policy and design - a significant impact, traditional lighting has been replaced by LED lighting. Therefore, the Remaining Group has continued to reduce the impact of LED lighting products during 1H2019.

The net income of International Business for FY2018 was approximately RMB1,276 million, representing a decrease of 1.8% as compared with FY2017. The decrease was mainly due to the acquisition of ETI Solid State HK during FY2018, which provided access to the North America market and diversified the overall portfolio.

The net income of Required China Business for FY2018 was approximately RMB443 million, representing a decrease of 27.7% as compared with FY2017. The decrease was mainly due to the impact of the change of the product mix for the non-NVC based LED lighting products. The change from product mix of traditional lighting products to product mix of LED lighting products during FY2018 increased the Remaining Group's product mix of LED lighting products.

The net income of International Business for FY2017 was approximately RMB1,253 million, representing a decrease of 6.5% as compared with FY2016. The decrease was mainly due to the Remaining Group's implementation of a divestment of market presence in non-NVC based LED lighting products and the impact of the change of the product mix from major international companies, in particular, in North America and Europe.

The net income of Required China Business for FY2017 was approximately RMB347 million, representing a decrease of 15.1% as compared with FY2016. Since there was a high degree of market decline in the traditional lighting products, the Remaining Group conducted a transition of product line of China ODM Business from a high degree of product mix of traditional lighting products to product mix of LED lighting products during FY2017, which affected the product mix of China ODM Business, resulting in a decrease in the impact of the change of the product mix.

**APPENDIX III      MANAGEMENT DISCUSSION AND ANALYSIS ON  
THE REMAINING GROUP**

**GROSS PROFIT**

Gross profit is calculated as the difference of sales less cost of sales. The table below shows the gross profit and gross profit margin of the Remaining Group by geographical location:

	For the year ended 31 December						For the six months ended 30 June				
	2016		2017		2018		2018		2019		
	MB'000	%	MB'000	%	MB'000	%	MB'000	%	MB'000	%	
<b>Gross profit</b>											
International B i e	216,652	18.4	199,315	15.9	234,873	18.4	88,396	14.1	243,700	27.1	
Regional Chi a											
B i e	62,601	15.3	51,317	14.8	63,920	14.4	23,348	13.4	24,230	13.1	
<b>Total</b>	<b>279,253</b>	<b>17.6</b>	<b>250,632</b>	<b>15.7</b>	<b>298,793</b>	<b>17.4</b>	<b>111,744</b>	<b>14.0</b>	<b>267,930</b>	<b>24.7</b>	

The gross profit margin of International B i e for 1H2019 increased to 27.1%, representing a decrease of 13.0% compared with 1H2018. The increase is mainly attributed to the gross profit generated from ETI Solid State HK which accounted for the Company's Non-embodied 2018 and had a gross profit margin of more than 30%.

As compared with 1H2018, the gross profit margin of the Regional Chi a B i e for 1H2019 decreased from 13.4% to 13.1%, which is maintained at a stable level.

The gross profit margin of International B i e for FY2018 increased to 18.4%, representing a decrease of 2.5% compared with FY2017. The decrease is mainly due to the gross profit contribution from the acquisition of ETI Solid State HK and the gradual improvement in the price policy for major overseas customers.

The gross profit margin of International B i e for FY2017 increased to 15.9%, representing a decrease of 2.5% compared with FY2016. The decrease is mainly attributed to the more favorable price discount offered in order to stabilize the order flow of major clients at the international market, as well as, and as a result of the change in demand during FY2017.

The gross profit margin of Regional Chi a B i e is stable and maintained at an increase of 14.4% to 15.3% during the period from FY2016 to FY2018.

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## OTHER INCOME AND GAINS

The other income and gain mainly consist of dividend income, net interest income, gain on sale of non-financial assets, fair value gain of the derivative commodity of convertible bond, government grant, and other income.

The other income and gain of the Remaining Group for 1H2019 is approximately RMB365 million, representing a decrease of 87.4% as compared with 1H2018. The decrease mainly attributed to the dividend income received from the Target Group.

The other income and gain of the Remaining Group for FY2018 is approximately RMB836 million, representing a decrease of RMB793 million as compared with FY2017. The decrease mainly attributed to dividend income of approximately RMB671 million received from the Target Group during FY2018 and fair value gain from change of derivative commodity of convertible bond during FY2018.

The other income and gain of the Remaining Group for FY2017 is approximately RMB43 million, representing a decrease of 12.6% as compared with FY2016. The decrease mainly attributed to fair value gain from change of derivative commodity of convertible bond during FY2017.

## SELLING AND DISTRIBUTION COSTS

The selling and distribution cost mainly consist of freight cost, advertising and promotion expense, staff cost and other expense, which include office expense, consumption allowance, travel expense, depreciation and amortization, insurance fee and other miscellaneous.

The selling and distribution cost of the Remaining Group for 1H2019 is approximately RMB138 million, representing a decrease of RMB94 million as compared with 1H2018. The ratio of selling and distribution cost of the Remaining Group to total revenue for 1H2019 is approximately 12.7%, representing a decrease of 7.2% as compared with 1H2018. The decrease mainly due to the selling and distribution cost generated from ETI Solid State HK which is accounted by the Company in November 2018. In general, ETI Solid State HK's ratio of selling and distribution cost to total revenue is higher than average of the Remaining Group.

The ratio of selling and distribution cost of the Remaining Group to total revenue is relatively maintained in 5.8% to 6.0% during the period from FY2016 to FY2018. The selling and distribution cost of the Remaining Group increased during the period from FY2016 to FY2018 mainly due to the increase in staff cost, freight and promotion fee, increase of the expense of business and other miscellaneous.

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## APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

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### ADMINISTRATIVE EXPENSES

The administrative expenses mainly consist of staff cost, amortization and depreciation, lease and depreciation, office expenses, impairment loss on trade and other receivable and other receivable, advertising, other professional fee and other miscellaneous expenses.

The administrative expenses of the Remaining Group for 1H2019 are approximately RMB680 million, representing a decrease by approximately RMB621 million as compared with 1H2018. The decrease mainly because the Remaining Group recorded an impairment loss of approximately RMB555 million on amount due from a subsidiary of the Company, NVC Lighting (China) Co., Ltd. which was disposed during 1H2019.

The administrative expenses of the Remaining Group for FY2018 are approximately RMB191 million, representing a decrease by approximately 29.2% as compared with FY2017. The decrease mainly due to decrease of staff cost and professional service fee related to acquisition during FY2018.

The administrative expenses of the Remaining Group for FY2017 are approximately RMB148 million, representing a decrease by approximately 9.1% as compared with FY2016. The decrease mainly due to decrease of loss on impairment of cost-invested.

### OTHER EXPENSES

The other expenses mainly consist of loss on disposal of assets, late payment and other, impairment and provision related to the litigation, loss on modification of term of convertible bond, fair value loss on derivative financial instrument, exchange loss, disposal and other miscellaneous expenses.

The other expenses of the Remaining Group for 1H2019 are approximately RMB8 million, representing a decrease by approximately RMB73 million as compared with 1H2018. The decrease mainly due to loss of approximately RMB78 million arising from modification of term and deletion of maturity of convertible bond during 1H2018. No loss incurred during 1H2019 as the convertible bond will continue to have effect of the Company during FY2018.

The other expenses of the Remaining Group for FY2018 are approximately RMB554 million, representing a decrease by approximately RMB505 million as compared with FY2017. The decrease mainly because of the impairment of cost-invested receivable and the provision for loss on financial guarantee contract related to acquisition during FY2018.



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## APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

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The change in net assets of the Remaining Group for FY2017 was an increase of RMB49 million, representing a decrease of 36.2% as compared with FY2016. The decrease is mainly due to decline in loss on fair value change derivative commodity contractible bond for FY2017.

### FINANCE COSTS

The finance cost mainly consists of interest on bank loan, lease liabilities and contractible bond.

The finance cost of the Remaining Group for FY2016, FY2017, FY2018 and 1H2019 were RMB24 million, RMB42 million, RMB36 million and RMB4 million, respectively. The fluctuation of finance cost is mainly attributed to change in average level of interest-bearing loan and borrowing and contractible bond liability compared with the Track Record Period.

### GAIN ON DISPOSAL OF A SUBSIDIARY

The gain on disposal of a subsidiary represents the Remaining Group's gain from the disposal of a subsidiary during the Reporting Period.

The Remaining Group recorded the gain on disposal of a subsidiary of an amount of RMB7 million and RMB761 million during FY2016 and 1H2019, respectively. Same as aforementioned, the gain on disposal of a subsidiary was recorded during the Track Record Period.

### INCOME TAX

The Remaining Group is subject to income tax on a subsidiary legal entity basis of its operating activities from the jurisdiction in which most of the companies within the Remaining Group are domiciled and operate.

The income tax expense of the Remaining Group for 1H2019 was an amount of RMB2 million, representing a decrease of RMB68 million as compared with 1H2018. The decrease is mainly due to the effect of deferred income tax arising from partial distribution of the emitted distributable earnings by the Company's subsidiary in the PRC to the Company.

The income tax expense of the Remaining Group for FY2018 was an amount of RMB232 million, representing an increase of RMB213 million as compared with FY2017. The significant increase is mainly due to accrual of withholding tax on the profit distributed by the subsidiary in the PRC, deferred tax related to withholding tax on estimated profit to be distributed and provision of withholding income tax from interest and dividends.

**APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP**

The income e e e of the Remaining Group for FY2017 is a s o im a e l RMB19 millio , e e e e t i g a i e e a e b a s o im a e l 2.2% a com a e d i h FY2016. The l i g h t i e e e a m a i l d e t o i e e e i t a a b l e s o f t o f c a t a i e t i e e of the Remaining Group d e t o e h a c e d s o f t a b i l i t y .

**CAPITAL STRUCTURE AND MANAGEMENT**

The s i m a s goal of the Remaining Group ' c a p i t a l m a g e m e n t i s t o m a i n t a i n t h e t a b i l i t y a n d g r o w t h of the Remaining Group ' f i n a n c i a l o p e r a t i o n . The m a g e m e n t of the Remaining Group s e g r e g a t e s i e a n d m a g e t h e c a p i t a l t r a n s a c t i o n s a n d m a k e c o r r e c t i f i c a t i o n s a n d a d j u s t m e n t s , a f t e r t a k i n g i n t o c o n s i d e r a t i o n c h a n g e s i n e c o n o m i c c o n d i t i o n s , t h e R e m a i n i n g G r o u p ' f u t u r e c a p i t a l s t r u c t u r e , s e a s o n a l a n d s o j e c t e d s o f t a b i l i t y a n d o p e r a t i n g c a s h f l o w s , s o j e c t e d c a p i t a l e e d i t e s a n d s o j e c t e d t r a n s a c t i o n s e t m e n t o p e r a t i o n s .

The m a g e m e n t of the Remaining Group m a g e t h e c a p i t a l b a s e i n t o t h e g e a r i n g r a t i o ( w h i c h i s c a l c u l a t e d a s d e b t d i v i d e d b y t h e t o t a l e q u i t a b i l i t a b l e t o o f t h e g r o u p e t c . ) . N e t d e b t i s t h e b a l a n c e of i t e m e t - b e a r i n g l o a n s a n d c o n t r i b u t a b l e b o d y l i a b i l i t y c o m p o n e n t s c a h a d c a h e i a l e t a n d h o u s e h o l d e r s d e b t . The t a b l e b e l o w e r o t g e a r i n g r a t i o of the Remaining Group a s a t 31 D e c e m b e r 2016, 2017 a n d 2018 a n d 30 J u n e 2019:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	MB'000	MB'000	MB'000	MB'000
Item-bearing loans and borrowing and convertible bond liability				
com o e t	488,683	446,169	416,069	20,663
Total debt	488,683	446,169	416,069	20,663
Ca h a d c a h e i a l e t a n d h o u s e h o l d e r s d e b t *	1,077,801	556,957	526,291	428,552
Net debt	N/A	N/A	N/A	N/A
Total e q u i t a b i l i t a b l e t o o f t h e g r o u p	626,396	778,927	1,199,354	1,551,146
G e a r i n g r a t i o	N/A	N/A	N/A	N/A

Item-bearing loans and borrowing and convertible bond liability com o e t a r e m a i n l y d e n o m i n a t e d i n H K \$ , R M B , a n d G B P , w h i l e C a h a d c a h e i a l e t a n d h o u s e h o l d e r s d e b t a r e m a i n l y d e n o m i n a t e d i n H K \$ , R M B , U S \$ , B r a z i l i a n r e a l ( B R L ) a n d G r e a t B r i t a i n S t e r l i n g P o u n d ( G B P ) .

**APPENDIX III      MANAGEMENT DISCUSSION AND ANALYSIS ON  
THE REMAINING GROUP**

**CAPITAL COMMITMENTS**

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the Remaining Group had following capital commitments:

	As at 31 December			As at
	2016	2017	2018	30 June
	MB'000	MB'000	MB'000	2019
				MB'000
Contracted, but not provided for:				
Property, plant and equipment	52,486	78,283	81,514	94,769
Acquisition of investment in equity		500	600	500
Investment in associate	1,450	5,400	17,500	17,500
	<u>53,936</u>	<u>84,183</u>	<u>99,614</u>	<u>112,769</u>

**INTEREST-BEARING LOANS AND BORROWINGS**

The interest-bearing loans and borrowings of the Remaining Group as at 31 December 2016, 2017 and 2018 and 30 June 2019 are analysed as follows:

	As at 31 December			As at
	2016	2017	2018	30 June
	MB'000	MB'000	MB'000	2019
				MB'000
Interest-bearing loans and borrowings				
- available in the near future	48,411	24,940	416,069	20,663
	<u>48,411</u>	<u>24,940</u>	<u>416,069</u>	<u>20,663</u>
Interest-bearing loans and borrowings				
- affiliated companies	1,064	936	412,602	836
- variable interest rate	47,347	24,004	3,467	19,827
	<u>48,411</u>	<u>24,940</u>	<u>416,069</u>	<u>20,663</u>

	As at 31 December			As at
	2016	2017	2018	30 June
	<i>MB'000</i>	<i>MB'000</i>	<i>MB'000</i>	<i>MB'000</i>
Interest-bearing loan and borrowing denominated in HK\$			411,815	
	_____	_____	_____	_____
	=====	=====	=====	=====

**APPENDIX III      MANAGEMENT DISCUSSION AND ANALYSIS ON  
THE REMAINING GROUP**

**PLEDGE OF ASSETS**

As at 31 December 2016, 2017 and 2018 and 30 June 2019, certain assets of the Remaining Group are pledged as follows:

	As at 31 December			As at
	2016	2017	2018	30 June
	MB'000	MB'000	MB'000	2019 MB'000
Property, plant and equipment pledged to secure the bank borrowing and for the Group's acquisition of assets in PRC legal proceeding	130,985	131,673	119,786	121,393
Repaid lease agreement pledged to secure the bank borrowing and for the Group's acquisition of assets in PRC legal proceeding	19,183	18,739	18,296	18,074
Trade and bill receivable pledged to secure the bank borrowing	47,347	24,004	3,467	19,827
Pledged deposit pledged for issuing letters of guarantee and borrowing facilities		15,522	100,022	66,592
Total	<u>197,515</u>	<u>189,938</u>	<u>241,571</u>	<u>225,886</u>

**CONTINGENT LIABILITIES**

Save for contingent liabilities as disclosed in the 2016 Annual Report, 2017 Annual Report, 2018 Annual Report and 2019 Interim Report, the Remaining Group did not have a contingent liability.

**SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL**

Save for significant investment and material acquisition and disposal as disclosed in the 2016 Annual Report, 2017 Annual Report, 2018 Annual Report and 2019 Interim Report, the Remaining Group did not have a significant investment and material acquisition and disposal during the Track Record Period.

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## APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

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### REMUNERATION POLICIES AND EMPLOYEE INFORMATION

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the Remaining Group had a total of 2,932, 2,460, 3,244 and 2,950 employees respectively. The Remaining Group's regular remuneration and benefits of its employees according to the local market practice and industrial formulae of the employees. In addition to basic salary, employees are entitled to other benefits including social insurance, employee identification scheme, discretionary incentive and housing scheme.

### CORPORATE STRATEGIES AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS

As at the Closing, the Company still directly hold 30% interest in Target Company and Target Brie. The Remaining Group will be primarily engaged in: (i) the Reacquired China Brie and (ii) the Intellectual Brie. Regarding the Reacquired China Brie, the Remaining Group is expected to remain stable.

The Remaining Group is expected to continue lead its Intellectual Brie and make effort for its existing channels and business. The Remaining Group is building its Vietnam factory to combat its significant revenue from North America business and that the investment will allow South East Asia NVC brand building activities starting from June 2020.

The Remaining Group has plan to graduate the existing factories in China to its diversified business regions characteristic and competitive development for its product quality and cost of OEM.

Meanwhile, the Remaining Group will strengthen its commercial and technical team to gain a business to focus on accelerating the development of its dedicated market and commercial control model to meet all regions' demand in electrical, commercial and industrial applications.

In terms of its overall management, the Remaining Group will continue to adhere to the established policies and improve its efficiency of its business and to improve the overall operation of the Remaining Group through adjusting and optimizing organizational structure, some improved management and digital technological process. In terms of human resource strategy, talent from target business regions will be recruited for achieving local and better quality to develop a new brand dedicated channels development.

**I. BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA INFORMATION  
OF THE REMAINING GROUP****Introduction**

The following information of ill-typed and so-forma financial information of the Remaining Group is the Group's dividend (the Dividend) of 100% of the interest in Hihon NVC Lighting Technology Company Limited, Blue Light (HK) Trading Co., Limited and Zhuhai Yaohi Technology Co., Ltd. and their subsidiaries (collectively referred to as the Target Group) in the Company's circular dated 31 October 2019 (the Circular) at the conclusion of the Cash Consideration and Share Consideration part of the share purchase agreement dated 10 August 2019 (the Share Purchase Agreement) entered into between the Company, LED Holding Limited (LED Holding), a subsidiary of the Company, Brilliant Light International Holding Pte. Ltd. (Holdco) (a company which owns 100% of the share capital of the Purchase), Brilliant Light Investment Pte. Ltd. (the Purchase) and Lighting Holding II Pte. Ltd. (Lighting Holding II) (a company which owns 100% of the share capital of Holdco). Moreover, certain items of good will (the Residual) will be carried out and held be completed before the Dividend of the conclusion of the completion of the Dividend as described in the Letter from the Board of the Circular. The audited so-forma financial information is set below in respect to ill-typed (i) the financial position of the Remaining Group as at 30 June 2019 as if the Dividend had been completed on 30 June 2019; and (ii) the financial performance and cash flow of the Remaining Group for the year ended 31 December 2018 as if the Dividend had been completed on 1 January 2018.

The audited so-forma financial information is prepared in accordance with Paragraph 4.29 of the Listing Rules of the Listing of Securities of The Stock Exchange of Hong Kong Limited in respect to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Initial Public Offerings issued by the Hong Kong Institute of Certified Public Accountants.

The audited so-forma financial information of the Remaining Group is based on:

- (i) the interim condensed consolidated financial statements of the Group for the interim month ended 30 June 2019 (the 2019 Interim Financial Statement), which have been derived from the Company's interim report for the interim month ended 30 June 2019 and the consolidated financial statements of the Group for the year ended 31 December 2018 (the 2018 Annual Financial Statement), which have been derived from the Company's annual report for the year ended 31 December 2018, as indicated in the Independent Auditor's Report of the Circular. The auditor has issued its report dated 26 August 2019 and 26 March 2019 in relation to the 2019 Interim Financial Statement and audited opinion of the 2018 Annual Financial Statement respectively, relating to the interim statement of other receivable and certain items relating to financial guarantee contracts and so on in relation to financial guarantee contracts. Details of the audited conclusion and the audited opinion are set out in the 2019 Interim Financial Statement and the 2018 Annual Financial Statement which are indicated in the Independent Auditor's Report of the Circular. Since the audited conclusion of the 2019 Interim Financial Statement is related to the

comparability of the related figures in the interim condensed consolidated financial statements for the month ended 30 June 2018 only, it does not have a significant impact on the amounts reported in the audited pro forma consolidated financial statements for the month ended 30 June 2019.

However, as detailed in the independent auditor's report on the 2018 Annual Financial Statements, the Company, through reference to the credit available information, including but not limited to legal opinion, court judgment, and additional claim from the creditor against the relevant borrower, has decided to make full amount of impairment of the receivable and provision for loss of financial guarantee contract of the Group for the year ended 31 December 2018 in relation to the litigation mentioned in case 33 headed Litigation to the 2018 Annual Financial Statements. During the year ended 31 December 2018, aforementioned impairment of the receivable of RMB320,960,000 and provision for loss of financial guarantee contract of the Group of RMB151,519,000 were recorded against the consolidated statement of profit or loss, and impairment of the receivable and provision for loss of financial guarantee contract in the consolidated statement of cash flow for the year ended 31 December 2018. The auditor qualified its opinion on the 2018 Annual Financial Statements because of the effect of a debt celeration in the audit of 2017 consolidated financial statements on (a) the consequential impact on the amount of impairment of the receivable and provision for loss of financial guarantee contract for the year ended 31 December 2018; and (b) the comparability of the related 2017 figures and 2018 figures in the 2018 Annual Financial Statements. The qualified opinion on the 2018 Annual Financial Statements would have a significant impact on the amount of the receivable reported in the audited pro forma consolidated statement of profit or loss; and the amount of impairment of the receivable and provision for loss of financial guarantee contract reported in the audited pro forma consolidated statement of cash flow for the year ended 31 December 2018; and

- (ii) pro forma adjustment to reflect the effect of the Dividend on the equity, which are directly attributable to the Dividend and fully attributable.

The audited pro forma financial information of the Remaining Group should be read in conjunction with the historical financial information of the Group as at the 2019 Interim Financial Statements and 2018 Annual Financial Statements and other financial information included elsewhere in the Circular.

The audited pro forma financial information of the Remaining Group has been prepared by the director of the Company based on assumptions, estimates, and credit available information and is intended for illustrative purposes only. Because of its hypothetical nature, the audited pro forma financial information may give a false impression of the financial position, financial performance and cash flow of the Remaining Group that would have been attained had the Dividend been completed on 1 January 2018, 30 June 2019 or any other date.





## UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group as at 30 June 2019		Pro forma adjustments						Pro forma the Remaining Group as at 30 June 2019		
	MB'000	( )	MB'000	( )	MB'000	( )	MB'000	( )	MB'000	( )	
Retrieved ba k bala ce a d hot tam de o i Ca ha d ca he i alet Amo t de fi om the Tagg Go	244,626 763,320	(138,035) (509,443)	(5,757)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	106,591 879,432
			(513)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	535,285
Total current assets	3,543,153										2,454,230
<b>CURRENT LIABILITIES</b>											
Trade a d bill a ble Q ha a ble a d acc al I t a et he a i g loa a d bo o i g Lea e liablitie Go a met ga t I come ta a ble Amo t d et o the Remai i g Go	1,470,113 741,311 489,370 25,039 561 228,563	(1,088,803) (559,762) (468,707) (22,735) (471) (136,177)	(5,757)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	381,424 181,549 20,663 4,073 90 92,386
			(513)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	
Total current liabilities	2,954,957										680,185
<b>NET CURRENT ASSETS</b>	588,196										1,774,045
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	3,843,372										3,428,108



UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	The Group for the year ended 31 December 2018		Pro forma adjustments				Pro forma the Remaining Group for the year ended 31 December 2018	
	MB'000	( )	MB'000	( )	MB'000	( )	MB'000	( )
<b>REVENUE</b>	4,904,848	(6,969,416)	3,499,224	(8)	101,197	(101,225)	1,535,853	(1,271,082)
Cot of ale	(3,426,560)	5,478,333	(3,221,630)					
<b>Gross profit</b>	1,478,288						264,771	
Q h a i come a d gai	253,538	(1,180,774)	1,049,021		22,429		144,214	
Selli g a d di t i b t i o cot	(517,646)	670,829	(229,503)				(76,320)	
Admi i t i a i e e e e	(449,166)	296,924	(34,059)		(1,985)		(217,786)	
Q h a e e e	(612,039)	58,726	(638)				(553,951)	
Fi a ce cot	(59,895)	44,906	(383)		(20,454)		(35,826)	
Sha e of re t of a ocia e	5,259	(4,823)	(436)	31			82,804	
Sha e of re t of a j o i t e t e	(35,200)	49,332					14,132	
Gai o di o al of the Tag g Co							3,275,504	
<b>PROFIT BEFORE INCOME TAX</b>	63,139						2,897,542	
I come ta	(365,475)	159,707	(22,246)			(383,584)	(611,598)	
<b>(LOSS)/PROFIT FOR THE YEAR</b>	(302,336)						2,285,944	
At t i b t a b l e t o :	(327,592)	(1,377,464)	1,031,899	31	(38)		82,773	2,272,029
O a of the a e t	25,256	(18,792)	7,451				(29,500)	13,915
No -cot t o l l i g i t a e t								
	(302,336)						2,285,944	

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group for the year ended 31 December 2018		Pro forma adjustments		Pro forma the Remaining Group for the year ended 31 December 2018	
	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000
<b>(LOSS)/PROFIT FOR THE YEAR</b>	(302,336)	1,039,350	31	(38)	82,773	2,285,944
	(1,396,256)	1,039,350	31	(38)	(383,584)	(29,500)
	( 2)	( 6)	( 8)	( 7)	( 10)	( 14)
	( 4)	( 6)	( 8)	( 7)	( 10)	( 12)
	(687)	597				
	14					
	(10,596)					(10,686)
	(10,596)					14
	(10,596)					(10,672)
	6,500	(10,161)				(3,661)
	(4,096)					(14,333)
	(306,432)					2,271,611
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	(332,437)	1,032,496	31	(38)	82,773	2,256,947
	26,005	7,451				14,664
	(18,792)					
	(1,388,298)					
	(306,432)					2,271,611

Attributable to:

Of the net

Non-controlling interest

OTHER COMPREHENSIVE INCOME

Items that have been reclassified to profit or loss:  
 Exchange differences on translation of foreign operations  
 Released on disposal of the Taggit Group

Items that have been reclassified to profit or loss:  
 Fair value changes on financial assets at fair value through other comprehensive income, of which

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group for the year ended 31 December 2018		Pro forma adjustments		Pro forma the Remaining Group for the year ended 31 December 2018	
	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Profit before income tax	63,139	(1,555,963)	1,061,596	31	82,773	2,897,542
Adjustment for:						
Income tax	(14,287)	8,424	289			(26,028)
Finance cost	59,895	(44,906)	383			35,826
Dividends		1,010,200	(1,010,200)			
Share of profit of associate	(5,259)	4,823	436	(31)	(82,773)	(82,804)
Share of profit of joint venture	35,200	(49,332)				(14,132)
Loss of disposal of subsidiary, at a deemed	2,229	(2,162)				67
Disposal of item of property, at a deemed	86,374	(60,938)	682			26,118
Amortization of leasehold lease asset	1,319	(876)				443
Amortization of intangible asset	12,125	(1,584)	3			10,544
Impact of disposal, at a deemed	1,538	(1,538)				
Impact of disposal of intangible asset, net	26,437	(26,419)	(1,232)			(1,214)
Impact of re-assessment of trade receivable, net	319,880	705				320,585
Realized gain on disposal of intangible asset, net	5,836	(4,585)	1,677			1,251
Write-off of intangible asset		(1,677)				
Goodwill impairment						
of intangible asset	(25,577)	6,549				(19,028)
Financial charge on disposal of controlled subsidiary	(82,903)					(82,903)
Financial gain on disposal of associate	(85,958)		85,958			
Loss on modification of controlled subsidiary	78,387					78,387
Provision on financial guarantee contract	151,519					151,519
Financial charge on derivative liability	10,689	(10,689)				



UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group for the year ended 31 December 2018	Pro forma adjustments						Pro forma the Remaining Group for the year ended 31 December 2018
	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest received	14,287	(7,822)	(289)				6,176	
Dividends received from subsidiaries	(578,200)	(578,200)	578,200				258	
Proceeds from disposal of property, plant and equipment	6,558	(6,300)					(27,753)	
Purchase of property, plant and equipment	(99,852)	78,247	(6,148)				695,111	
Dividends received from associate	9,000	(5,600)	600					
Acquisition of additional investments in subsidiaries	(25,000)	25,000						
Acquisition of subsidiaries	(1,266,828)					691,111	(1,266,828)	
Interest in subsidiaries	19,100	(19,100)						
Purchase of long-term investments	(100)	100						
Interest in associate	(5,000)	5,000						
Disposal of associate	(5,242)	(2,500)	2,500				(2,230)	
Additions to other intangible assets		3,058	(46)					
(Losses)/decrease in investments held for sale	(289,213)	278,580					(10,633)	
Net cash (used in)/generated from investing activities	(1,661,390)					3,718,126	3,718,126	





1. The amount set aside from the consolidated statement of financial position of the Group as at 30 June 2019 as a result of the blended impairment of the Company for the month ended 30 June 2019.
2. The amount set aside from the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flow of the Group for the year ended 31 December 2018 as a result of the blended allowance of the Company for the year ended 31 December 2018.
3. The adjustment set off the effect of a provision, liability, or contingent asset and foreign exchange translation re-estimate of the entity and group in the Target Group (the Disposal Entity) by aggregation of the amount set aside from their individual statement of financial position as at 30 June 2019 as a result of the Disposal Entity had been completed on 30 June 2019 for the financial position of the Remaining Group.
4. The adjustment set off the effect of financial reform and cash flow of the Disposal Entity by aggregation of the amount set aside from their individual statement of profit or loss, statement of comprehensive income and statement of cash flow for the year ended 31 December 2018 as a result of the Disposal Entity had been completed on 1 January 2018 for the financial reform and cash flow of the Remaining Group.
5. The adjustment mainly set off (i) elimination of intercompany balance, investment cost and share acquisition as at 30 June 2019 in the Disposal Entity; and (ii) financial adjustment on a good liability, a derecognition of item arising from the Group's historical business combination of certain Disposal Entity.
6. The adjustment mainly set off (i) elimination of intercompany transaction for the year ended 31 December 2018 in the Disposal Entity; and (ii) addition of derecognition and amortization and deletion of deferred tax income related to financial adjustment on a good liability and adjustment to eliminate the 'see-through' acquisition related to the Group's historical business combination of certain Disposal Entity.
7. The adjustment set off the effect of elimination of the intercompany transaction between the Target Group and the Remaining Group, which reflected in the consolidated financial statement of the Group for the year ended 31 December 2018, as if the Disposal Entity had been completed on 1 January 2018 as at 30 June 2019 for the effect of the financial reform and cash flow of the Remaining Group and financial position of the Remaining Group is equal. The intercompany transaction are required to have continuing effect of the Remaining Group.
8. The adjustment set off financial impact of the following of the Reorganization which affect the group balance of the Target Group and the carrying amount of the Disposal Entity had been completed on 1 January 2018 as at 30 June 2019 has alicable:
  - (a) Transfer of certain investment in associate from the Target Group to the Remaining Group

	At 30 June 2019 MB'000	At 1 January 2018 MB'000
Aggregation of identifiable intangible assets of the Remaining Group	513	513
Cancellation of the Target Group's investment in the associate	(387)	(368)
	<hr/>	<hr/>
Gain of the Target Group's disposal of an associate	126	145
Loss of the Target Group's disposal of an associate	(3)	(3)
	<hr/>	<hr/>
Net gain or disposal of an associate and the amount to be adjusted of the group balance of the Target Group of the Closing	<hr/> <u>123</u>	<hr/> <u>142</u>
	<hr/>	<hr/>
Share of profit of the associate for the year ended 31 December 2018	N/A	31
	<hr/> <u></u>	<hr/> <u></u>

The acquisition of the associate is accounted for by costai Di oal Et t i e d a the e i t method. Pursuant to the reorganization memorandum dated to the Share Purchase Agreement (the Reorganization Memo), the aggregate consideration of the transaction for RMB513,000. Upon the transaction of the investment of the associate from the Target Group to the Remaining Group, the Remaining Group recognizes investment in associate cost, i.e. the aggregate consideration of RMB513,000. The gain of di oal of the associate as at 30 June 2019 and 1 January 2018 of RMB123,000 and RMB142,000 is equal, adjusted to the acquisition of the Target Group of the Group.

- (b) Transaction of investment in associate from the Target Group to the Remaining Group at the related bidia's distribution of dividend

	At 30 June 2019 MB'000	At 1 January 2018 MB'000
Dividend distributed to the bidia	70,000	70,000
Less: dividend attributable to the non-controlling interest	(34,300)	(34,300)
Dividend attributable to the Target Group	<u>35,700</u>	<u>35,700</u>
Aggregate consideration payable to the Remaining Group Cash balance of the Target Group's investment cost in the bidiaie on a balance	90,446 <u>(13,200)</u>	90,280 <u>(10,200)</u>
Gain of di oal of bidiaie on a balance Less: eliminated expense	77,246	80,080
Net gain of di oal of bidiaie	<u>77,246</u>	<u>80,080</u>
Amount to be adjusted to the acquisition of the Target Group of the Group	<u>112,946</u>	<u>115,780</u>

The investment cost in the bidiaie is recorded in the statement of financial position of costai Di oal Et t i e as at 30 June 2019 and 1 January 2018. The investment cost of the bidiaie is eliminated adjusted in Note 5 at the acquisition of the Di oal.

Pursuant to the Reorganization Memo, before the transaction of the bidiaie from the Target Group to the Remaining Group, one of the bidiaie will declare a dividend of RMB70,000,000 to its shareholders. The bidiaie is owned to 51% by a Di oal Et t i e and 49% by a non-controlling shareholder. Accordingly, the Target Group and the non-controlling shareholder will be entitled to the dividend amount of RMB35,700,000 and RMB34,300,000 is equal. After the distribution of the dividend, the bidiaie will be a fixed asset and aggregate consideration of RMB90,446,000.

As mentioned in the acquisition had been completed on 30 June 2019 and 1 January 2018, the acquisition of the Target Group is valued at RMB112,946,000 and RMB115,780,000 is equal.

(c) ~~T~~a ~~f~~o ~~r~~e ~~t~~e ~~r~~e ~~i~~t ~~e~~t ~~i~~o ~~e~~t ~~i~~ ~~i~~n ~~t~~h ~~e~~ ~~T~~a ~~r~~g ~~e~~ ~~C~~o ~~t~~ ~~o~~f ~~t~~h ~~e~~ ~~R~~e ~~m~~a ~~i~~n ~~g~~ ~~C~~o

	<b>At 30 June 2019</b> <i>MB'000</i>	<b>At 1 January 2018</b> <i>MB'000</i>
Ca h co id a i o		N/A
	_____	
	_____	
	=====	

- (e) Distribution of dividend to the Dividend Entitlement of the Company for settlement of amount of the Remaining Group of the Target Group of the aggregate amount of a total of RMB840,578,000, subject to the holding of 10%.
9. The adjustment and reclassification of amount before the Target Group and the Remaining Group as at 30 June 2019.
10. Pursuant to the Share Purchase Agreement, the Company and LED Holding have collectively agreed to do the following, and the Purchase has collectively agreed to accept the terms and conditions of the Target Company's cash consideration of a total of RMB4,611,308,000 (the Cash Consideration), subject to certain adjustable conditions in the Share Purchase Agreement and Holdco will receive the Share Consideration. After the completion of the Dividend (the Dividend), the Company and Light Holding II will respectively hold 30% and 70% of the total amount of the Target Group.

The Cash Consideration shall be subject to the following adjustments, amount of which:

- If, before 31 December 2018 and the Dividend, a leakage of amount from the Target Group (whether through the Share Purchase Agreement) occurs, the Cash Consideration will be reduced on a dollar-for-dollar basis to come after the Purchase for the amount which has been leaked of the Remaining Group. Leakage is defined in detail in the Share Purchase Agreement but shall be a net amount, a net in kind, or a net of economic amount from the Target Group of the Remaining Group. The directors are of a view that a net amount of leakage from 1 January 2019 to 30 June 2019 and do not require a net amount of leakage until the Dividend.
- If the Target Group's Net Adjusted Cash Amount falls below RMB300 million at a time before the Dividend and the date of the Dividend, Light Holding II shall have a right of adjustment in the event of such a cash amount falling below Light Holding II's share of the right, Light Holding II and the Company will be obliged to adjust 70% and 30% of the amount falling respectively to Holdco in the form of adjustment. As at 1 January 2018 and 30 June 2019, the directors are of a view that a cash amount falling and do not require a cash amount falling until the date of the Dividend.
- The Purchase will be a net amount of Cash Consideration shall be borne by the Company. As at the Dividend, if Holdco, in the event of the Purchase, bears a amount, after (i) cash of the Purchase and (ii) financial cost, in the amount of RMB2,400,000,000 (the Excess Bearer Amount), the Cash Consideration shall be increased by a amount equal to 30% of the Excess Bearer Amount. Based on a confirmed amount from Holdco, there is no Excess Bearer Amount and the directors are of a view that there will be no Excess Bearer Amount and accordingly no adjustment to the Cash Consideration will be received at the Dividend.
- The Group will receive proceeds from the realization of a joint liability of a joint settlement of the Dividend Entitlement by Holdco in the amount specified in the Dividend which has a total of RMB85,000,000. The related proceeds have been carried out as at 30 June 2019. The directors of the Company estimate that the realization proceeds will be closed of the cash amount of the settlement of the joint settlement of the equity of the Target Group and the proceeds will be received in 12 months following the Dividend.

As at the date of the foregoing, the Target Group will assign to the Remaining Group a right to the trademark, which shall be the Remaining Group's business.

- (a) After taking into account the above considerations and adjustments and assignment of right to the trademark, a total amount of the Dividend had been completed on 30 June 2019, the adjustments and reclassification:
- (i) the Cash Consideration of a total of RMB4,611,308,000;
  - (ii) the Share Consideration received by the 30% interest in Holdco which is clarified as a net amount in the Dividend of the Dividend and the amount of the Dividend;
  - (iii) the fair value of right to the trademark to be assigned by the Target Group of the Remaining Group estimated by the directors of the Company in the event of a total amount of the dividend to be determined from the financial statement of the company which is determined in the relief from the amount;

- (i) the contingent consideration receivable arising from the estimated liability proceeds in relation to a joint venture; and
- (c) the estimated gain on the Disposal if the Disposal had been completed on 30 June 2019, which is set out below:

	<i>MB'000</i>
Cash Consideration	4,611,308
Share Consideration	452,456
Fair value of right to set the trademark assigned by the Target Group	18,700
Contingent consideration receivable	48,703
<b>Total consideration for the Disposal</b>	<b>5,131,167</b>
Less: <b>Costs</b> of the Target Group	<b>(1,489,575)</b>
Add: <b>Goodwill</b> of the Target Group	14,723
Realization of foreign currency liability net attributable to the Target Group	581
<b>Estimated gain on the Disposal</b>	<b>3,656,896</b>
Less: <b>Estimated tax</b> on the Disposal	<b>(398,226)</b>
<b>Net gain on the Disposal</b>	<b>3,258,670</b>

- (b) After taking into account the above consideration adjustment and a payment of right to set the trademark, a minority shareholder of the Disposal had been completed on 1 January 2018, the adjustment is set out:

- (i) the Cash Consideration of a nominal RMB4,611,308,000;
- (ii) the Share Consideration represents the 30% equity interest in Holdco which is classified as an investment in a subsidiary of the Disposal and measured at fair value of the Disposal;
- (iii) the fair value of right to set the trademark to be assigned by the Target Group to the Remaining Group estimated by the directors of the Company in accordance with the assumptions adopted in the independent valuation report issued by the independent valuer;
- (i) the contingent consideration receivable arising from the estimated liability proceeds in relation to a joint venture; and
- (c) the estimated gain on the Disposal if the Disposal had been completed on 1 January 2018, which is set out below:

	<i>MB'000</i>
Cash Consideration	4,611,308
Share Consideration	306,033
Fair value of right to set the trademark assigned by the Target Group	13,300
Contingent consideration receivable	85,000
<b>Total consideration for the Disposal</b>	<b>5,015,641</b>
Less: <b>Costs</b> of the Target Group	<b>(1,748,542)</b>
Add: <b>Goodwill</b> of the Target Group	8,419
Realization of foreign currency liability net attributable to the Target Group	(14)
<b>Estimated gain on the Disposal</b>	<b>3,275,504</b>
Less: <b>Estimated tax</b> on the Disposal	<b>(383,584)</b>
<b>Net gain on the Disposal</b>	<b>2,891,920</b>

**APPENDIX IV**

**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

11. The adjustment to the cash flow if the Dividend had been completed on 1 January 2018:

	<i>MB'000</i>
Cash Consideration for the Dividend	4,611,308
Less: Cash dividend held by the Target Group as at 1 January 2018	<u>(893,182)</u>
Net cash flow for the Dividend	<u><u>3,718,126</u></u>

12. The Target Group will become 30%-owned associate of the Group immediately after the Dividend and the adjustment to the Group's share of profit of the Target Group for the year ended 31 December 2018 calculated as follows:

	<i>MB'000</i>
Profit attributable to the Target Group for the year	345,572
Less: Additional depreciation and amortization arising from fair value adjustment on assets, intangible assets, identifiable intangible assets and liabilities of the Target Group as at 1 January 2018	<u>(92,881)</u>
Add: Deferred tax impact	<u>23,220</u>
Adjusted profit attributable to the Target Group for the year	<u><u>275,911</u></u>
Thereof 30%	<u><u>82,773</u></u>

Similarly, the dividend paid by the Target Group to the Remaining Group during the year ended 31 December 2018 of RMB691,111,000 has been reclassified to dividend received from associate as if the Dividend had been completed on 1 January 2018 for the purpose of cash flow of the Remaining Group.

13. Subject to the approval of the shareholders of the Company at the extraordinary general meeting of the Company, the Company intends to declare a special dividend of *Q* (i.e. HK\$0.9) *per share*, totaling a nominal RMB3,398,226,000 (equivalent to a nominal HK\$3,804,553,000), to its shareholders.
14. The amount to be set aside for the dividend liability cost is equal to the profit attributable to the Dividend of RMB29,500,000.
15. No adjustment has been made to reflect a tax liability *on* the dividend of the Group entered into before 31 December 2018 or 30 June 2019 where applicable.

## II. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

### To the directors of NVC Lighting Holding Limited

We have completed our assurance engagement to issue our report on the compilation of unaudited pro forma financial information of NVC Lighting Holding Limited (the Company) and its subsidiaries (collectively referred to as the Group) by the directors of the Company for



**Our Independence and Quality Control**

We have complied with the independence and ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm also has adopted the Quality Control 1 Quality Control for Firm that Perform Audit and Review of Financial Statements, and Quality Assurance and Related Service Engagement issued by the HKICPA and accordingly maintained a comprehensive system of quality control procedures and policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the audited pro forma financial information and to report on our opinion to you. We do not accept a responsibility for a separate opinion on the pro forma financial information issued in connection with the audited pro forma financial information because the auditor is not responsible for the preparation of the pro forma financial information.

We conducted our engagement in accordance with the Hong Kong Standards on Assurance Engagements 3420 Assurance Engagements to Report on the Compliance of Pro Forma Financial Information Issued in a Report issued by the HKICPA. This standard sets forth the requirements for an audit of pro forma financial information to obtain reasonable assurance about whether the disclosure of the compliance with the audited pro forma financial information is in accordance with paragraph 4.29 of the Listing Rules and in accordance with the HKICPA.

For some of these engagements, we are responsible for designing and performing the audit of historical financial information and in connection with the audited pro forma financial information, we have, in connection with these engagements, formed an audit opinion on the financial information and in connection with the audited pro forma financial information.

The scope of audited pro forma financial information included in this circular is limited to the impact of a significant event or transaction on adjusted financial information of the entity if the event had occurred or the transaction had been undertaken as if it had occurred earlier than the date of the financial information. Accordingly, we do not provide an assurance that the actual outcome of the Proposed Dividend on 30 June 2019 and 1 January 2018, respectively, would have been as expected.

A reasonable assurance engagement to be conducted on the audited pro forma financial information has been so called on the basis of the applicable criteria in order to form an opinion on the audited pro forma financial information so that a reasonable basis for the expected significant effects attributable to the event exists, and to obtain sufficient assurance evidence about the same:

- 1. the related audited pro forma adjustment gives a reasonable effect of the event;
- 2. the audited pro forma financial information reflects the so-called application of the adjustment to the adjusted financial information.

The procedure required to be conducted in accordance with the engagement, has in regard to the event in question, data of the date of the event, the event exists, in the event of which the audited pro forma financial information has been compiled, and the relevant engagement circumstances.

The engagement also in order to evaluate the overall situation of the audited pro forma financial information.

We believe that the evidence has obtained is sufficient to provide a basis for our opinion.

### Opinion

In our opinion:

- (a) the audited pro forma financial information has been so called on the basis of the criteria of the Commission on the basis of the;
- (b) each basis in connection with the accounting policies of the Group; and
- (c) the adjustment area is a reasonable for the scope of the audited pro forma financial information as disclosed in the attached paragraph 4.29(1) of the Listing Rules.

BDO Limited  
Certified Public Accountant  
Hong Kong

31 October 2019



仲量聯行

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31 October 2019

The Board of Directors  
NVC Lighting Holding Limited  
Grick Street, Hutchins Drive, P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

Dear Sirs,

I acknowledge in this report from NVC Lighting Holding Limited (the Company), the shareholder's request to provide an independent opinion on the fair value of 100 percent of the equity of NVC Lighting Technology Company Limited, Blue Light (HK) Trading Co., Limited and Zhuhai Yaohi Technology Co., Ltd. (the Target Group) as at 31 December 2018 (the Valuation Date). These entities which followed 31 October 2019 (the Report Date).

The scope of this valuation is to provide an independent opinion on the fair value of 100 percent of the equity of the Target Group as at the Valuation Date for circular reference.

Our valuation is carried out on a fair value basis. Fair value is defined as

A market price, where applicable, has been established through information received by the Company regarding the business. We have relied on a considerable extent on the information provided to us in our opinion of value.

The conclusion of value based on accepted valuation procedures and practices that are based on a full range of market data and comparable companies of similar nature and operations. We have also considered various risks and contingencies that have a material impact on the business. Furthermore, while the market data and comparable companies are considered to be reasonable, the availability of the information, economic and competitive conditions and other factors, many of which are beyond the control of the Company and Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

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## INTRODUCTION

This report has been prepared in accordance with the request from NVC Lighting Holding Limited (the Company) to provide an independent opinion of the fair value of 100 percent interest in Hihon NVC Lighting Technology Company Limited, Blue Light (HK) Trading Co., Limited and Zhuhai Yaohi Technology Co., Ltd. (the Target Group) as at 31 December 2018 (the Valuation Date). The report which follows is dated 31 October 2019 (the Report Date).

## PURPOSE OF VALUATION

The scope of this valuation is for Circular Reference.

## BASIS OF VALUE

Our valuation is carried out on a fair value basis. Fair value is defined as

We have conducted our valuation in accordance with IFRS 13 Fair Value Measurement and take into account the International Valuation Standards issued by the International Valuation Standards Council. We have adopted our valuation on a to obtain all the information and data which we considered necessary in order to provide an efficient and effective assessment of the subject area. We believe that the valuation procedure employed is reasonable and able to provide a fair value.

## BACKGROUND

NVC Lighting Holding Limited (the Company) is a leading manufacturer of lighting products in the PRC. It designs, develops, produces, markets and sells a wide range of lighting products, with a strong focus on energy-saving products.

NVC Lighting Holding Limited (the Company) holds 100 percent interest in Hihon NVC Lighting Technology Company Limited, Blue Light (HK) Trading Co., Limited and Zhuhai Yaohi Technology Co., Ltd. (the Target Group). The Target Group is principally engaged in manufacturing, sale and distribution of commercial lighting products and home lighting products across the e-commerce business in the PRC market.

## SOURCES OF INFORMATION

This report is compiled after consideration of all relevant information obtained from the Company and other public sources. Documents received include, but are not limited to:

1. 2018 Management Account of the Target Group;

- 1. Company's quality of the company;
- 2. Company's Information; and
- 3. Company's business registration number and related information.

Quality of information included:

- 1. We have held discussion with the management of the Company regarding the operational and the condition of the Target Group. We believe that the information provided is reliable.

## METHODOLOGY

In carrying out a preliminary, we have considered three generally accepted approaches, namely, market approach, cost approach and income approach.

**Market Approach** considers price received for similar assets, with adjustment made to market price to reflect condition and utility of the asset and related to the market conditions. Assets for which there is an established active market may be valued by this approach.

Benefit of using this approach include implicit, clarity, need and the need for

This approach allows for the more equitable allocation of future soft assets and the more meaningful and technical justification for the selection of the cash flow. However, this approach relies on more assumptions on a long time horizon and these estimates may be sensitive to certain inputs. It also sets a single scenario.

### Selection of Valuation Approach and Methodology

In conclusion, the income approach and cost approach are a suitable for all the relevant aspects. First, the income approach, technically known as the discounted cash flow method, does not use the full value of the business to a market value. We are informed that the industry cost approach in the Target Group's future earnings, and the management of the Company could provide a reliable amount of future economic income scenario. Hence, the forecast of the reliable cash flow of the Target Group is available in this case. Second, the cost approach does not require a detailed information about the economic benefit contributed by the business. We have therefore relied on the market approach based on the latest financials. According to the 'Revised' assumptions of the value. We applied P/E, P/B, and P/S multiples, which are calculated by using comparable companies' financial statements, to determine the fair value of the Target Group and then take into account of market illiquidity discount at the appropriate adjustment.

### MAJOR ASSUMPTIONS

Assumptions considered to have significant effect on this valuation have been established in order to provide a more accurate and reasonable basis for significant sales value.

The following key assumptions in determining the fair value of the 100 percent interest have been made:

- 1. There will be no material change in the existing political, legal, technological, financial or economic conditions, which might adversely affect the business of the Target Group.
- 1. The operational and contractual assumptions related to the selected contracts and agreements will be honored.
- 1. The facilities and equipment are sufficient for future expansion in order to realize the growth potential of the business and maintain a competitive edge.
- 1. We have assumed that there are no hidden or unrecorded conditions associated with the actual value that might adversely affect the selected value. Further, we assume no possibility for change in market conditions affecting the Valuation Date.



## Summary of Market Approach

## Listed comparable companies

We have considered the information of certain listed comparable companies which are engaged in the similar industry. The table below sets out the relative size of the comparable companies in terms of business, classification and revenue.

Comparable Company	Ticker	Classification	Revenue %	Financial Year 2018 Reporting Revenue
NVC Lighting Holdings Ltd.	2222 HK EQUITY	LED Lighting Product Non-LED Lighting Product	84.4% 15.6%	4,904.8 million RMB
Neo-Neo Holdings Limited	1868 HK EQUITY	Lighting Product Security	97.8% 2.2%	822.6 million HKD
Zhejiang Yaoko Group Co., Ltd.	600261 CH EQUITY	LED Lighting System Manufacturing	92.4% 7.6%	5,570.7 million RMB
Fohua Electrical & Lighting Co., Ltd.	000541 CH EQUITY	Lighting Product and Electrical Equipment Electrical Product Quality Ongoing Revenue	96.8% 2.5% 0.6%	3,765.6 million RMB
Hegdia Group Tobacco Lighting Co., Ltd.	603303 CH EQUITY	Lighting Electronic Quality Business Income	99.9% 0.01%	3,983.6 million RMB
Fohua Nano-Semiconductor Co., Ltd.	002449 CH EQUITY	LED Component Lighting Application Class Electrical Quality Ongoing Revenue	89.6% 4.1% 3.7% 2.5%	3,606.2 million RMB
OPPLE Lighting Co., Ltd.	603515 CH EQUITY	Lighting Control and Quality	100%	7,963.6 million RMB

The selection of comparable companies is based on the industry of the Target Group, which design, manufacture and trade a wide of commercial lighting products, especially fluorescent - lighting products in China. It has a established efficient lighting brand (more than 10 years). As the Company is listed on HKEX, we considered both Hong Kong and China main board capital markets.

To the best knowledge of us, the companies listed in the table below are the most relevant companies for comparison with the Target Group based on the selection criteria mentioned above.

For details of the description for the comparable companies, please refer to Exhibit C.

#### Multiples of comparable companies as at the Valuation Date

Ticker	P/E	P/B	P/S
2222 HK EQUITY	5.68	0.52	0.32
1868 HK EQUITY	7.87	0.70	1.66
600261 CH EQUITY	12.61	1.39	0.89
000541 CH EQUITY	19.16	1.66	1.93
603303 CH EQUITY	19.54	1.88	1.21
603515 CH EQUITY	23.41	5.22	2.64
002449 CH EQUITY	14.42	1.87	1.78
<i>Adopted Multiples</i>	14.67	1.89	1.49

: Adopted multiples are calculated as a mean multiple of comparable companies.

#### Financial Data from the Target Group

Financial Year 2018 Net income ( MB'000)	Financial Year 2018 Book value ( MB'000)	Financial Year 2018 Revenue ( MB'000)
354,970	2,357,879	3,287,312

: All financial data is referred to the 2018 Management Account of the Target Group.

#### DISCOUNT FOR LACK OF MARKETABILITY

A factor to be considered in valuing closely held companies is the marketability of its shares. Marketability is defined as the ability to convert the shares into cash quickly, with minimal transaction and administrative costs, and with a high degree of certainty at the amount of proceeds. There is always a cost and a time lag associated with locating interested and capable buyers of privately held companies, because they are not established markets of readily available buyers and sellers. All other factors being equal, a privately traded company is worth more because it is readily marketable. Conversely, a privately held company is worth less because it is not readily marketable.

A discount for lack of marketability (DLOM) is a method used to calculate the value of closely held and restricted shares. The inherent behind DLOM is that discount is it because the value of a company's marketable stock and a non-marketable stock. Therefore, a value is added to the value of the stock.

The Target Group does have IPO Plans at the Valuation Date, the effect of the article Discount for lack of Marketability, Job Aid for IRS Valuation Profile for 2009 to date is the DLOM.

Since the Target Group's 2018 revenue is \$100 million US dollars, a discount of 14.9% is added to the value of DLOM at the Valuation Date.

### Reference – Management Planning Study data

#### Analysis of restricted Stock Discounts by Revenue Size

Revenues	Number of Observations	Average Revenues (\$ )	Average Discounts	Range of Discounts	
				Low	High
Under \$10 million	14	\$6.6	32.9%	2.8%	57.6%
\$10 - \$30 million	11	\$22.5	30.8%	15.3%	49.8%
\$30 - \$50 million	10	\$33.5	25.2%	5.2%	46.3%
\$50 - \$100 million	8	\$63.5	19.4%	11.6%	29.3%
Over \$100 million (adjusted)*	4	\$224.9	14.9%	0.0%	24.1%
Overall sample average Total	47	\$47.5	27.7%	0.0%	57.6%
*Over \$100 million (actual calculation)	2	\$187.1	25.1%	0.0%	46.5%
Total	49				

Exclude SDBS Holding, Inc., whose replacement consisted of 125% of the estate acquisition has not taken.

Exclude Sasset Holding Co., which is one of the five most highly loaded companies in the sample.

: Quantifying Marketability Discount, by Z. Chitro for M&A, ASA, CFA, Peabody Publishing, LP, 1997, Figure 12-1, page 346. Job Aid for IRS Valuation Profile.

Kumar, N. (2009). How Emerging Global Acquisitions are Reshaping the Role of M&A. Harvard Business Review.

## VALUATION COMMENTS

All of our analysts, who are independent financial advisers in formation from public sources together with financial information, project documentation and other external data concerning the project have been made available to us. Such information has been provided by the Company. We have examined the accuracy of, and have relied on such information. We have relied to a considerable extent on such information provided in a rigorous analysis of value.

We confirm that we have made separate checks and verified the information and information available to us for the purpose of this report.

In a rigorous analysis of value, we have also considered the contribution of the Target Group. We have also made a rigorous analysis of the company's financial performance, including its income, expenses and other factors, and its financial model.

The conclusion of our independent analysis procedure and advice that we have obtained from all of the members of our advisory committee, and all of which can be easily verified or confirmed. Further, while the advisory committee and the advisory committee are considered to be reasonable, the advisory committee is subject to significant bias, economic and commercial considerations and other factors, many of which are beyond the control of the Company and Joseph LaSalle Company and its subsidiary Limited.

## RISK FACTORS

- **Economic considerations**

The PRC economy has experienced significant growth in the past decade, but growth has been uneven geographically and among different sectors of the economy. There is a concern that the expected economic growth will be realized and the social and economic change in the PRC will be favorable to the Target Group. The competition in the industry may have adverse effects on the operating performance of the Target Group and the value of the business.

- **Changes in political, economic and regulatory environment in the PRC**

The Target Group is subject to various laws and regulatory requirements in the PRC. Future political and legal changes in the PRC might have either favorable or unfavorable impacts on the Target Group.

## OPINION OF VALUE

Based on the results of our investigation and analysis of the information provided, we are of the opinion that the fair value of 100 percent interest in the Target Group as at the Valuation Date is reasonably stated as follows:

<b>Valuation Date</b>	<b>Fair Value of 100 Percent Equity Interest ( MB'000)</b>
31 December 2018	4,131,041

## LIMITING CONDITIONS

This report is issued subject to our Limiting Conditions as attached.

Yours faithfully,  
for and on behalf of  
**Jones Lang LaSalle Corporate Appraisal and  
Advisory Limited**  
**Simon M.K. Chan**  
*D*

## EXHIBIT A – LIMITING CONDITIONS

1. In the preparation of our report, we relied on the accuracy, completeness and reasonableness of the financial information, forecasts, assumptions and other data provided to us by the Company's management and its related parties. We did not conduct an audit of the accuracy of the financial information. We take no responsibility for the accuracy of the financial information. Our report is based on the Company's financial statements and in each of their conclusions of value added to the above, the limitations of the data used in the preparation of the report are set out in the Company's financial statements.
2. We have relied on a copy of our office engagement procedures that is in the directors' responsibility to ensure the accuracy of the accounting records maintained, and the financial information and forecasts given to us are fair and have been prepared in accordance with the relevant standards and accounting practice.
3. Public information and industry and statistical information has been obtained from sources deemed to be reliable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.
4. The management and the Board of the Company have reviewed and agreed on these assumptions and confirmed that they are, in our opinion, calculated and are a reasonable and reliable.
5. Joe La Salle Corporate Affairs and Advisory Limited shall not be held liable for any errors or omissions in the report or any other information provided to us. Should there be any kind of error or omission, the consequences of the error or omission shall be borne by the client. Should there be any kind of error or omission, the consequences of the error or omission shall be borne by the client. Should there be any kind of error or omission, the consequences of the error or omission shall be borne by the client.
6. No opinion is intended to be expressed for matters which are legal or quasi-legal in nature, which is out of our professional competence.
7. The fee of a draft of the audit of the report is subject to the terms of the engagement letter and/or other full terms and conditions of the fee and all the other terms.
8. Our conclusion and recommendations of the report are based on the information provided to us and we have no liability for any errors or omissions in the report or any other information provided to us. Should there be any kind of error or omission, the consequences of the error or omission shall be borne by the client.



15. The exercise is aimed at the historical financial information and the forecast provided by the management of the Company regarding the activities. We have assumed the accuracy and reliability of the information provided and relied to a considerable extent on the information or calculations of the company. Since the objective is related to the future, there will be differences between the objective and actual results and, therefore, the exercise may be material. Accordingly, the extent of the above mentioned information is the adjustment, the significant differences.
16. The extent of the conclusion of the exercise is for the client of the specific case and the extent of the conclusion of the exercise is quite determined by the data, and should be considered by the reader, to be in the interest of the company and the company's interests. The conclusion of the exercise is based on the information provided by the Company and the company's data. All the information in the company's books might be considered a higher or lower value, depending on the circumstances of the company and the business, and the knowledge and quality of the business and the data.
17. The management staff of the Company regarding the activities has confirmed that the company's management has not identified any other information or data that would affect the company's financial information or the company's financial information. Should there be a conflict of interest or potential interest in the company's management, the Company regarding the activities should immediately and immediately inform the company's management and the company's management should be held or engaged.



## EXHIBIT B – VALUERS’ PROFESSIONAL DECLARATION

The following are our professional declarations:

- 1. Information has been obtained from sources that we believe to be reliable. All facts which have a bearing on the above conclusions have been considered by the valuers and our attention has been directed to all disregarded.
- 2. These conclusions, opinions, and conclusions are based on the information available to us and based on the valuers’ professional, unbiased opinion and conclusions. The valuation is not intended to be limited in any way.
- 3. These conclusions, opinions, and conclusions are intended to be objective.
- 4. The valuers have no interest in the subject of the valuation and have no relationship with the client or the subject of the valuation.
- 5. The valuers’ compensation is a fixed fee of the amount of the valuation, the amount of a title deed fee, the occurrence of a business, or the sale of a residential property in the event of the case of the client.
- 6. The valuers, opinions, and conclusions are developed, and this report has been prepared, in accordance with the International Valuation Standards published by the International Valuation Standards Council.
- 7. The designated professional is a member of the professional body of the client:

**Simon M. K. Chan**

*D*

**Michael Q. Ding**

*L D*

**Joyce J. Xu**

*M*

**Alice S.W. Zhao**

*A*

## EXHIBIT C – COMPARABLE COMPANIES

Company Name	Ticker	Description
NVC Light i g Holdi g Lt d.	2222 HK EQUITY	NVC Light i g Holdi g Lt d de ig , ma faq a d di t i b t e l i g h t i g f i t e .
Neo-Neo Holdi g Limi ed	1868 HK EQUITY	Neo-Neo Holdi g Limi ed i a de c a i e l i g h t i g c o m a t a i o e d i H o g K o g . I t e g a g e i t h e e a c h , de e l o m e t , ma faq a d di t i b t i o of l i g h t i g s o d q i c l d i g i c a d e c e t , LED, de c a i e a d e t a i m e t l i g h t i g s o d q .
Zhejia g Ya ko G o Co.	600261 CH EQUITY	Zhejia g Ya ko G o Co., Lt d. ma faq a e l e q s o i c e a g - a i g l a m , e a g - a i g f l a e c e c e b l b , a d q h a r e l a e d l i g h t i g t e m . The Com a e l l i t s o d q d o m e t i c a l l a d e a t t o q h a c o t i e .
Fo ha Eleq s i c a l & L i g h t	000541 CH EQUITY	Fo ha Eleq s i c a l a d L i g h t i g Co., Lt d. ma faq a e e l e q s o o t i c a l s o d q a d a i l i a l m i a e s o d q . The Com a ' s o d q i c l d e b l b , de c a i e b l b , i o d i e t g t e l a m , b o m i e t g t e l a m , a t o m o b i l e l a m , m a c c l e l a m , h i g h t e i o m a c s l a m , h i g h t e i o o d i m l a m , a d q h a r e l a e d s o d q .
He g d i a G o T o o L i g h t i g Co., Lt d.	603303 CH EQUITY	He g d i a G o T o o L i g h t i g Co., Lt d. ma faq a e l i g h t i g s o d q . The Com a s o d c e a d e l l c o m a q f l a e c e t l a m b l b , LED b l b , l i g h t i g e l e q s o i c , o t d o a l m i a e , a d m a e . He g d i a G o T o o L i g h t i g m a k e i t s o d q t h o g h o t t h e a l d .
OPPLE Light i g Co., Lt d.	603515 CH EQUITY	O l e L i g h t i g Co. Lt d. ma faq a e l i g h t i g s o d q . The Com a d e i g , s o d c e , a d e l l b l b , l i g h t i g f i t e , LED, a d q h a r e l a e d i e m a o d t h e a l d .
Fo ha Na i o S a O t o e l e q s o i c Co. Lt d.	002449 CH EQUITY	Fo ha Na i o S a O t o e l e q s o i c Co. Lt d, e c i a l i i g i m a faq a i g LED a d LED a l i e d s o d q , i a h i t e c h e t a s i e of Chi a , a d a k e h i t e c h e t a s i e of t h e Na i o a l T o c h P l a . Fo d e d i 1969, i h a d a t a g e o c a i t a l , d i t i b t i o c h a e l , R & D , a d m a a g e m e t , i h a b e e s a k e d i t h e l i t of t h e f a m o LED b a d .

## EXHIBIT D – MARKET APPROACH

Target Company	The Target Group			
Valuation Date	12/31/2018			
Comparable Company	Ticker	P/E	P/B	P/S
NVC Light i g Holdi g Lt d.	2222 HK EQUITY	5.68	0.52	0.32
Neo-Neo Holdi g Limi ed	1868 HK EQUITY	7.87	0.70	1.66
Zhejia g Ya ko G o Co.	600261 CH EQUITY	12.61	1.39	0.89
Fo ha Eleq i cal & Ligh t	000541 CH EQUITY	19.16	1.66	1.93
He g dia G o To o Ligh t i g Co., Lt d.	603303 CH EQUITY	19.54	1.88	1.21
OPPLE Ligh t i g Co., Lt d	603515 CH EQUITY	23.41	5.22	2.64
Fo ha Na io S a O t oeleq i o ic Co. Lt d	002449 CH EQUITY	14.42	1.87	1.78

: Bloomberg

Multiples	P/E	P/B	P/S
MAX	23.41	5.22	2.64
MEAN	14.67	1.89	1.49
MEDIAN	14.42	1.66	1.66
MIN	5.68	0.52	0.32

Mea m i l e of P/E, P/B, a d P/S of com a rable com a i e a e a d o t e d t o d e a m i e 100% e i t a l e.

RMB'000	P/E	P/B	P/S
Financial	Financial	Financial	Financial
Figures	year 2018	year 2018	year 2018
	Net income	Book value	Revenue
	354,970	2,357,879	3,287,312
M i l e (MEAN)	14.67	1.89	1.49
Ta g e Com a 100% e i t a l e (Bef o e DLOM a d Co t o l R e m i m)	5,207,983	4,462,758	4,892,272
DLOM 14.90%	775,989	664,951	728,948
Ta g e Com a Fai r Val e	4,431,993	3,797,807	4,163,323
A a g e Ta g e Com a 100% e i t a l e			4,131,041

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes certain statements made by the Company in the Listing Rules for the purpose of giving information in respect of the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and does not contain any false or misleading information, and they accept full responsibility for the accuracy and completeness of the information contained in this circular.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and holdings of the Directors and chief executive of the Company in the Shares, ordinary Shares and debt securities of the Company and in associated corporations (including the meaning of Part XV of the SFO) which are required to be notified to the Company under the Stock Exchange Listing Rules and 7 and 8 of Part XV of the SFO (including interests or holdings which they are deemed to have) are disclosed in the register maintained to be maintained pursuant to Section 352 of Part XV of the SFO, which are required to be notified to the Company under the Stock Exchange Listing Rules of the Model Code are as follows:

*Long positions in the Company*

Name of Director	Nature of Interest	Class of Shares	Number of Shares or underlying Shares	Percentage of the Total Shares Issued
YE Yong	Beneficial owner	Ordinary Shares	274,039,000 (L) (1)	6.48%
	Spouse's Interest	Ordinary Shares	7,433,000 (L) (2)	0.18%

- (L) represents long position.
- As the Shares are held by Ms. GAO Xia, the spouse of Mr. YE Yong, Mr. YE Yong is deemed to be interested in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company have or are deemed to have interests or holdings in the Shares, ordinary Shares or debt securities of the Company and in associated corporations (including the meaning of Part XV of the SFO) which are required to be

qualified of the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or holdings which the undertaking is deemed to have de facto interest of the SFO), as recorded in the register maintained to be maintained pursuant to Section 352 of Part XV of the SFO, which are required to be qualified of the Company and the Stock Exchange pursuant to the provisions of the Model Code for Securities Transactions of Listed Companies of the Listing Rules.

**(b) Interests of Directors as director or employee of a substantial shareholder or any subsidiaries of a substantial shareholder**

Mr. WANG Donglei holds 90% equity interest in Wuhu Elec-Tech Investment Co., Ltd.\* (蕪湖德豪投資有限公司), Wuhu Elec-Tech Investment Co., Ltd.\* (蕪湖德豪投資有限公司) in which he holds 16.02% of the shares of ETIC, and ETIC in which he holds 20.59% of the issued shares (870,346,000 shares at the Latest Practicable Date) of the Company. Mr. WANG Donglei is also a director of ETIC and holds directorship in a number of subsidiaries of ETIC Group. As at the date hereof, Mr. XIAO Y holds directorship in a number of subsidiaries of ETIC Group.

Save as disclosed above, at the Latest Practicable Date, none of the directors or a director or employee of a company which had an interest or holdings in the shares or de facto shares of the Company which would fall to be disclosed of the Company and the Stock Exchange de facto interest of Division 2 and 3 of Part XV of the SFO.

**(c) Interests of Substantial Shareholders**

As of the Latest Practicable Date, to the best knowledge of the directors and chief executive of the Company, the following shareholders (including directors or chief executive of the Company) had 5% or more interest or holdings in the issued shares and de facto shares of the Company as recorded in the register maintained to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Percentage of the Total Issued Shares
Elec-Tech International (H.K.) Company Limited	Beneficial owner	Ordinary Shares	870,346,000 (L) ( 1)	20.59%
ETIC	Interest of controlling shareholder	Ordinary Shares	870,346,000 (L) ( 2)	20.59%

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Percentage of the Total Issued Shares
Haitong International Credit Commercial Limited	Secured interest in Shares	Ordinary Shares	870,346,000 (L)	20.59%
Haitong International Securities Group Limited	Interest of consortium controlled by the beneficial shareholders	Ordinary Shares	870,346,000 (L) ( 3)	20.59%
Haitong International Holding Limited	Interest of consortium controlled by the beneficial shareholders	Ordinary Shares	870,346,000 (L) ( 3)	20.59%
Haitong Securities Co., Ltd.	Interest of consortium controlled by the beneficial shareholders	Ordinary Shares	870,346,000 (L) ( 3)	20.59%
SULI International Securities Electric Asia Pacific Limited	Beneficial owner	Ordinary Shares	649,350,649 (L)	15.36%
Schneider Electric Industrial SAS	Beneficial owner	Ordinary Shares	288,371,000 (L)	6.82%
Schneider Electric Industrial SAS	Interest of consortium controlled by the beneficial shareholders	Ordinary Shares	288,371,000 (L) ( 4)	6.82%
Schneider Electric SE	Interest of consortium controlled by the beneficial shareholders	Ordinary Shares	288,371,000 (L) ( 4)	6.82%

1. (L) is the net long position.

2. The Shares are held by Elec-Tech International (H.K.) Commercial Limited. A Elec-Tech International (H.K.) Commercial Limited is a wholly-owned subsidiary of ETIC, ETIC is deemed to be interested in all the Shares.

3. Haijog International Credit Company Limited has a restricted interest in the Share. A Haijog International Credit Company Limited is a wholly-owned subsidiary of Haijog International Finance Company Limited, which itself is a wholly-owned subsidiary of Haijog International Securities Group Limited, 63.08% interest of Haijog International Securities Group Limited is held by Haijog International Holding Limited, which is a wholly-owned subsidiary of Haijog Securities Co., Ltd., Haijog Securities Co., Ltd., Haijog International Holding Limited and Haijog International Securities Group Limited are deemed to be interested in the Share.
4. The Share are held by Schneider Electric Asia Pacific Limited. A Schneider Electric Asia Pacific Limited is a wholly-owned subsidiary of Schneider Electric Industrie SAS, which itself is a wholly-owned subsidiary of Schneider Electric SE, Schneider Electric Industrie SAS and Schneider Electric SE are deemed to be interested in the Share.

Save as disclosed above, as at the Latest Practicable Date, of the Directors are aware, of whom are (other than Directors and chief executive of the Company) are

#### **4. DIRECTOR'S INTERESTS IN ASSETS**



See a disclosure above, and the Latest Practicable Date, one of the Directors a material interest in a contract as a game bettings and which a significant relationship of the business of the Group.

## 7. MATERIAL LITIGATION

Neither the Company nor any of its subsidiaries are engaged in a litigation or arbitration claim of material importance which is known to the Directors to be a direct liability or against either the Company or any of its subsidiaries and the Latest Practicable Date.

## 8. MATERIAL CONTRACTS

The following material contracts (including contracts entered into in the ordinary course of business) have been entered into by members of the Group in the past or are expected to be entered into in the future and to the Latest Practicable Date and are or may be material:

On 23 March 2018, the Company entered into a total purchase agreement with Roma International (HK) Co., Limited and Mr. Zhang Peng for the acquisition of 60% equity interest in Blue Light (HK) Trading Co., Limited and a consideration of RMB500,000,000 and 5% equity interest in Wh NVC Lighting E-Commerce Limited and a consideration of RMB45,000,000, respectively.

On 30 August 2018, the Company entered into a formal share purchase agreement with Jade to e China High Technology Investment Fund LP (the **Jadestone**), in which the Company agreed to acquire, and Jade to e agreed to sell, 100% equity interest in the Elec-Tech Solid State Lighting (HK) Limited and a consideration of RMB890,000,000, subject to adjustment provided in the formal share purchase agreement.

On 10 August 2019, the Company, LED Holding, Holdco, the Purchaser and Lighting Holding II entered into the Share Purchase Agreement (as amended by the Amendment Letter dated 29 October 2019), in which the Company and LED Holding have jointly agreed to dispose of, and the Purchaser has jointly agreed to acquire the Target Company in a total of 100% of the equity of the Target Company of RMB5,559,010,897 subject to the terms of the Share Purchase Agreement (as amended by the Amendment Letter dated 29 October 2019). The Target Group is principally engaged in the China NVC-lighting Business (as defined above).

## 9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their advice, which are contained or referred to in this circular:

Name	Qualification
BDO Limited	Certified Public Accountant
which	Qualification id100066di(Acc57-1) (e) (c) (o) (i) (o)

- (c) All the agreements and contracts mentioned in the agenda headed Director's Interim Report, Director's Interim Report on Assets and Liabilities in this Article;
- (d) The letter from Gram Capital, the text of which is set out in this circular;
- (e) The review report on audited financial information of the Divisional Entity, which is mentioned in Article II of this circular;
- (f) The assurance report on the compilation of audited financial information of the Remaining Group, the text of which is set out in Article IV of this circular;
- (g) The allocation report of the Target Group, the text of which is set out in Article V of this circular;
- (h) The annual report of the Company for each of the three ended 31 December 2016, 2017 and 2018 and the interim report of the Company for the interim period ended 30 June 2019, respectively;
- (i) The website referred to in the agenda headed Report and Conduct in this Article; and
- (j) This circular.

## 11. GENERAL INFORMATION

- (a) The chairman of the Company is Mr. Leung Chi-ging (梁晶晶). Mr. Leung Chi-ging is a Chartered Secretary and a fellow member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.
- (b) The registered office of the Company is Gicko Square, Hutchins Drive, P.O. Box 2681, Grand Canal, KY1-1111, Canal Island.
- (c) The head office and principal place of business is Hong Kong of the Company is Unit 608, 6/F, Lake Side 1, No. 8 Science Park West Avenue, Hong Kong Science Park, Pak Shek Kok, Sha Tin, Hong Kong.

(d) The ~~has~~ ~~egit~~ ~~a~~ ~~dt~~ ~~a~~ ~~fo~~ office i ~~t~~he Ca ~~ma~~ I ~~la~~ ~~d~~ of ~~t~~he Com ~~a~~ i SMP



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## NOTICE OF EGM

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1(b) The resolution of the Special Dividend of HK\$0.9 per Share of the Shareholders be declared and paid in the capital of the Company shall be deemed a dividend of the Company and the directors of the Company be authorized to take such action, do such things and execute such documents as they may deem fit to give effect to the dividend of the Company and the implementation of the Special Dividend.

By Order of the Board  
NVC Lighting Holding Limited  
WANG Donglei

C

Hong Kong, 31 October 2019

1. All resolutions at the EGM (except those relating to the procedural administration, which should be taken by a resolution of the shareholders of the EGM may decide, in good faith) shall be taken by a simple majority of the Voting Shares and the resolution shall be binding on the Company and Clearing Limited and the Company shall accept the resolution.
2. A shareholder of the Company entitled to attend and vote at the EGM may either in person (or more than one person if he/she is the holder of joint shares) or by proxy, on his/her behalf. A proxy need not be a shareholder of the Company. If more than one person is appointed, the form of proxy shall specify the number of shares in respect of which each person is appointed. In case of a poll vote, a shareholder may appoint more than one proxy to vote for each share held by him.
3. In order to be valid, the form of proxy must be signed by the holder of the shares or his authorized agent, which is signed as a qualified copy of the original, must be deposited at the Company's Hong Kong branch headquarters, Company's Hong Kong Internet Service Limited, at 17M Floor, Heell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. on October 10:00 a.m. on Saturday, 16 November 2019). Delivery of the form of proxy shall constitute a shareholder of the Company from the date of delivery of the proxy at the EGM and, in case of the internet voting, the proxy shall be deemed to be received.
4. The resolutions of members of the Company shall be closed from Wednesday, 13 November 2019 to Monday, 18 November 2019 (both dates inclusive) and from Friday, 22 November 2019 to Monday, 25 November 2019 (both dates inclusive), during which period of time the resolutions shall be registered. In order to allow for the deposit of the proxy at the EGM, all the resolutions and documents accompanied by the relevant certificates must be lodged with the Company's Hong Kong branch headquarters, Company's Hong Kong Internet Service Limited, Shop 1712-1716, 17th Floor, Heell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Tuesday, 12 November 2019. In order to allow for the proposed Special Dividend, all the resolutions and documents accompanied by the relevant certificates must be lodged with the Company's Hong Kong branch headquarters, Company's Hong Kong Internet Service Limited at the above mentioned address for registration before 4:30 p.m. on Thursday, 21 November 2019.
5. Reference to time and date of this notice is to Hong Kong time and date.

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## NOTICE OF EGM

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6. At the date of this notice, the Board consists of the following directors:

*E* *D* :

WANG Donglei

WANG Dongming

XIAO Y

WANG Ke'e D

CHAN Kim Yung, Esq.

- *D* :

YE Yong

*I* - *D* :

LEE Kong Wai, Esq.

WANG Xiaohua

WEI Hongyong

SU Liang