

If you are in any doubt as to a course of action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, or other professional adviser.

If you have sold or transferred all your shares in NVC Lighting Holding Limited, you should also send this circular, together with the enclosed form of proxy, to the registrar a free of charge to the bank, stockbroker or other agent through whom the shares are held for a free of charge to the registrar a free of charge.

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

Financial Adviser to the Company

DEFINITIONS

<i>I</i>	,	,	:
Agreed Form	mean, in relation to a document, the form of that document which has been agreed by a set of email confirmations 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 in 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		

DEFINITIONS

Com a	NVC Light i g Holdi g Limi ed (雷士照明控股有限公司), a com a i co o ed i the B i i h Vigi I la d o 2 M arch 2006 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 30 M arch 2010 a a e e m t e d com a i h limi ed liabil i co o ed i the la o f t h e C a m a I l a d . The i e d S h a e o f t h e Com 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
co e q e d o ()	h a m e a i g a o i b e d t o i i t h e L i t i g R l e
D i e q o ()	t h e d i e q o () o f t h e Com a
Di o al	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 g Com a i e b t h e Com 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 q i g	t h e e t a o d i a g e a l m e q i g o f t h e Com 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 s R o a d, W a c h a i, H o g K o g o M o d a , 18 N o e m b e r 2019 a 10:00 a.m., a d a a d j o s m e t t h e o f
ETIC	Elec-Tech I t o a i o a l Co., L t d.* (安徽德豪潤達電氣股份有限公司, s 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 : 2005), a com a i h limi ed liabil i co o ed i the P R C h i c h i c s e t l l i 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 Com a
ETIC G o	ETIC a d i b i d i a i e
ETISSL	a t a d e m a r k o e d b E T i S o l i d S a e L i g h t i g, I c., a com a i h limi ed liabil i co o ed i O h i o, t h e U i e d S a e , h i c h i a i d i e q h o l l o e d b i d i a o f t h e Com a
G o	t h e Com 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 i l l i a t L i g h t I t o a i o a l H o l d i g R e. L t d., h i c h, d i e q l o i d i e q l , o 100% o f t h e h a e c a i a l o f t h e P a c h a o
H o g K o 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

DEFINITIONS

H i h o NVC	H i h o NVC Light i g Tech olog Com a Limited* (惠州雷士光電科技有限公司), a com a i cō cō d i t h e PRC i h limited liability a d a holl -o ed b idia of t h e Com a
H i h o NVC Gō	H i h o NVC a d i b idia i e a a t h e Clo i g
I d e e d e t Boā d Commi t ee	t h e i d e e d e t commi t ee of t h e Boā d com i i g M r. Lee Ko g Wai, Co a , M r. Wa g X e i a , M r. Wei Ho g i o g a d M r. S Li g, e t a b l i h e d t o g i e a d i c e a d s e c o m m e d a i o t o t h e I d e e d e t S h a e h o l d e r o (i) t h e S h a e P i c h a e A g r e e m e t , a l l a c i l l a s a g r e e m e t t o t h e S h a e P i c h a e A g r e e m e t (i c l d i g t h e A g r e e d F o r m o f t h e S h a e h o l d e r ' A g r e e m e t), t h e A m e d m e t L e t t e r a d t h e t r a a q i o c o t e m l a e d t h a e d e a d (ii) q i g a t h e E G M
I d e e d e t F i a c i a l A d i c o G r a m C a i a l	G r a m C a i a l L i m i t e d , a l i c e e d c o c o a i o t o c a s o t T e 6 (a d i i g o c o c o a e f i a c e) s e g l a e d a q i i d e a t h e S F O , b e i g t h e i d e e d e t f i a c i a l a d i c o t o t h e I d e e d e t Boā d Commi t ee a d t h e I d e e d e t S h a e h o l d e r i s e e q o f t h e S h a e P i c h a e A g r e e m e t , a l l a c i l l a s a g r e e m e t t o t h e S h a e P i c h a e A g r e e m e t (i c l d i g t h e A g r e e d F o r m o f t h e S h a e h o l d e r ' A g r e e m e t), t h e A m e d m e t L e t t e r a d t h e t r a a q i o c o t e m l a e d t h a e d e
I d e e d e t S h a e h o l d e r	S h a e h o l d e r q h a t h a E T I C , h i c h o l t a i l a b t a i f r o m q i g o t h e s e o l t i o () i s e l a i o t o t h e S h a e P i c h a e A g r e e m e t , a l l a c i l l a s a g r e e m e t t o t h e S h a e P i c h a e A g r e e m e t (i c l d i g t h e A g r e e d F o r m o f t h e S h a e h o l d e r ' A g r e e m e t), t h e A m e d m e t L e t t e r a d t h e t r a a q i o c o t e m l a e d t h a e d e a t h e E G M
I d e e d e t T h i d P a t (i e)	a t (i e) h o i (a e) q c o e q e d c o o f t h e Com a a f a t h e D i r e c t o r e a a e a f a h a i g m a d e a l l s e a o a b l e e i e
JLL	J o e L a g L a S a l l e C o c o a e A s a i a l a d A d i c L i m i t e d , a a l i f i e d i d e e d e t a l c i H o g K o g , t h e i d e e d e t a l c o f t h e Com a
JPY	J a a e e Y e , t h e l a f l c s e c o f J a a
L a e t R a q i c a b l e D a e	29 O q o b a 2019, b e i g t h e l a e t s a q i c a b l e d a e s i a t o t h e s i t i g o f t h i c i c l a f o r t h e s o e o f a c a t a i i g c a t a i i f o m a i o f a i c l i o i t h i c i c l a

DEFINITIONS

LED Holdi g LED Holdi g Limited (耀能控股有限公司), a com a i co a aed i Ho g Ko g i h limited liabili a d a holl -o ed b idia of the Com a . A a the Laet Paqicable Da e, LED Holdi g held a 100% e i i t a e t i Zh hai Yaoh i

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

Li t i g R le the R le Go a i g the Li t i g of Sec a i e o The S ock E cha ge of Ho g Ko g Limited

Ne 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 c a i 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 a ed Ca h a ch t ime.

Cash mea , a a gi e t ime, the ag g e a e of the Ta g a Go ' ca ho ha d, ca h a ed i ed t o a ba k acco t a d a eadil a ailable, mi t he amo t of ca h i t a i , aid check , a a f a d i e t a f a i ed b mem a of the Ta g a Go , each a a ch t ime.

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

DEFINITIONS

	<p>Restricted Cash means, at any given time, any cash that is not freely available to the Target Group at any time because it is subject to the contractual restrictions or limitations on the distribution of available funds, contractual obligations or a deemed obligation to set aside the proceeds of the account related to the equity of the Target Group, which shall include aggregate amount of a debt owed by the Target Group to 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 to the Charter 14 of Litigation Rule</p>
PRC or Mainland China	<p>the People's Republic of China, and for the purpose of this circular, including Hong Kong, Macao Special Administrative Region and Taiwan</p>
Pasha	<p>Billiat Light Investment Re. Ltd., which is a wholly-owned subsidiary of Holdco</p>
Remaining Balance	<p>Collectively, (i) the China Remaining Balance as defined in the letter from the Board; (ii) the China ODM Balance; and (iii) the Intellectual Property 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>ordinarily 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 Pasha, Holdco and Lighting Holding II in relation to the sale and purchase of the Target Company</p>

DEFINITIONS

Shareholder ()	holder () of Share ()
Shareholder ' Agreement	the Shareholder ' Agreement to be entered into among the Company, Lighting Holding II and Holdco on the Closing Date to govern the future management of Holdco and the relationship of the Company and Lighting Holding II as shareholders of Holdco
Special Dividend	the special dividend of quarter HK\$0.9 as Shareholder is entitled to be paid by the Company to the Shareholders in equal proportion, among other matters: (i) the arising of a dividend resolution by the Shareholders at the EGM; and (ii) the Closing
Stock Exchange	The Stock Exchange of Hong Kong Limited
Taget Business	the manufacturing and distribution business of lighting products in the Mainland China, Hong Kong and Macao Special Administrative Region of the Taget Group
Taget Company	Hiiho NVC, Blue Light and Zh hai Yaoh i
Taget Group	the group of companies mentioned in the paragraph headed "Formation of the Taget Group" in the circular, which consist of each of the Taget Companies and the companies in which each of the Taget Companies hold equity interest
Total Consideration	the Cash Consideration and the Share Consideration
US\$ or USD	United States dollar, the lawful currency of the United States of America
Zh hai Yaoh i	Zh hai Yaoh i Technology Co., Ltd.* (珠海耀輝科技有限公司), a company incorporated in the PRC with limited liability which is a directly wholly-owned subsidiary of the Company
Zh hai Yaoh i Group	Zh hai Yaoh i and its subsidiaries as at the Closing

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LETTER FROM THE BOARD

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 Lighting 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 Lighting Holding II will, 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 intends to declare the Special Dividend of HK\$0.9 per Share to the Shareholders who are as of the register of members of the Company on a record date to be determined. Further approval(s) will be made by the Company in this regard and the approval.

As disclosed in the Approval, the Dividend constitutes a substantial dividend for the Company which is subject to the relevant approval, circular and shareholders' approval as required under Chapter 14 of the Listing Rules. The Company will comply with the relevant requirements of the applicable approval, and a independent board committee, and an independent financial adviser for the Independent Shareholders at the EGM.

The scope of this circular is to provide the Shareholders with: (i) further information of the Dividend; (ii) details of the proposed declaration and amount of the Special Dividend; (iii) a letter of advice from Gram Capital 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 on whether to vote for or against the resolution to be proposed at the EGM.

LETTER FROM THE BOARD

2. THE SHARE PURCHASE AGREEMENT

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

Date	10 August 2019
Parties	(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 and the date of the Share Purchase Agreement). Transaction Structure/ Consideration, Payment
	As at the Latest Practicable Date, Lighting Holding II owns 100% of the share capital in Holdco, which, in equal shares, owns 100% of the share capital in the Purchaser.

On Closing, the Purchaser will acquire 100% of the issued share capital of each of the Target Companies. In consideration, the Purchaser will pay RMB4,611,307,628, subject to certain adjustable amounts in accordance with the Share Purchase Agreement (the "**Cash Consideration**") to the Company and Holdco will receive the entire shareholding of the Company representing 30% of the total issued share capital 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 assuming that (1) Holdco will own 100% of the issued share capital in all Target Companies; and (2) Holdco and the Purchaser will have a level of long-term indebtedness of RMB2,400,000,000 (see the area 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.

LETTER FROM THE BOARD

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

On closing, if Holdco, indirectly through the P&A, borrows an amount, after which (i) cash of the P&A and (ii) financing cost, in excess of RMB2,400,000,000 due to the acquisition facilities, the balance of the Share Consideration will decrease. And in order to compensate for each decrease of the balance of the Share Consideration, the P&A 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% of the Target Group is initially agreed at RMB3,891,307,628 (the **Initial Consideration**) based on commercial discretion by the Company and the P&A.

Given the Capital of RMB2,211,307,628 which represents the contribution by the Lighting Holding II for the 30% of the acquisition of 70% of 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&A is able to borrow more than RMB2,400,000,000 (i.e., the amount of Indebtedness for financing acquisition of 70% of the Target Company is increased), the P&A can decrease the amount of Capital that it needs 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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At the Completion of the 30% of the share capital of Holdco immediately after Closing, the Company will be indirectly associated with and bear 30% of the Indebtedness (i.e., $\text{RMB}2,400,000,000 \times 30\% = \text{RMB}720,000,000$). Accordingly, the Cash Consideration should include the Initial Consideration and the 30% of the Indebtedness (i.e. $\text{RMB}3,891,307,628 + \text{RMB}720,000,000 = \text{RMB}4,611,307,628$). If the Purchaser is able to borrow more than $\text{RMB}2,400,000,000$ (i.e., the amount of Indebtedness for financing activities of 70% of the interest in the Target Company is increased), the amount of Indebtedness indirectly associated with the Company will increase. Therefore though the Share Consideration will be decreased accordingly, the Cash Consideration will increase. The Total Consideration received by the Company at Closing shall remain the same, being $\text{RMB}5,559,010,897$.

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

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

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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 equally divide 30% and 70% of the share capital in Holdco. Holdco will, equally, divide, 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 by the PSCA at the time of the Company's USD share exchange 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 adopted the market approach at the basis of consideration for a 100% equity interest in the Target Companies.

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) whose financials are similar to that of the Target Group and selected 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 adopted the market approach. According to the valuation report attached in Appendix V of this circular, the value of the Target Group (Valuation) 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 a nominal 34.57% of the Valuation of RMB4,131,041,000;
- (b) the Initial Consideration of RMB3,891,307,628 represents a premium of a nominal 34.57% of 70% of the Valuation (i.e. a nominal RMB2.892 billion);
- (c) the Total Consideration represents a premium of a nominal 36.32% of the market capitalization of the Company at the Latest Practicable Date;
- (d) the adjustment arrangement calls for that the Total Consideration to be received by the Company Closing shall remain the same, being RMB5,559,010,897 and after deducting the Group's interest in the debt that the Indebtedness exceed 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 an independent valuer are set out below:

Methodology

In arriving at the above indicated value of the 1F21Tf Dividend

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Make a rough cost idea since recent paid for similar work, this adjustment made to make sure to reflect condition and tilt of the area and a relative to the make comparison. A for which there is a established record make may be allowed by this approach.

In this case, the independent valuer applied P/E, P/B, and P/S multiple, which are calculated by using Comparable Company financial statement, to determine the fair value of Target Group and then took into account of make illiquid discount at the appropriate adjustment.

Multiples of Comparable Companies as at the valuation date

The Comparable Company are selected based on similarity of business and profitability. The independent valuer 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
Hengdian 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 S&A Optoelectronic Co., Ltd	SZ 002449	14.42	1.87	1.78
Adopted Multiples		14.67	1.89	1.49

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The election of the aforementioned Comparable Companies is based on the industry of the Company, which design, manufacture and trade a wide range of commercial lighting products, especially focusing on energy-saving products in China's household lighting market (more than one billion). As the listed Share of the Company is listed on the main board of Stock Exchange, election of Comparable Companies is considered by Hong Kong and China main board capital market. Notably, 95% of the sales of the Comparable Companies are generated from their lighting business. Considering 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 appropriate method to select at least a fair value of the Target Group for the purpose of determining the consideration of the Disposal at the time of the completed transaction in the Target Group's financial statement is appropriate. The Target Group has a reliable financial flow, and the income approach is an appropriate valuation method.

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

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 entitled to declare and distribute to the Company's common shareholders a dividend of a maximum of RMB300,000,000 in respect of profit for the year of 2019.

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Consideration adjustments

If, by or on or 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 at the Purchase Price for the value which has been leaked to the Company or certain of its associates. 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 latter'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 or before the Closing Date or the date 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 at a price to be agreed at the time such equity is injected by the Share Consideration is paid.

Conditions Precedent

- (1) The approval by the Shareholders at the EGM of the resolution to the Share Purchase Agreement and the transaction contemplated hereby (the **Shareholder Approval Condition**);
- (2) the completion of the corporate reorganisation in accordance with the reorganisation memorandum agreed to the Share Purchase Agreement (the **Reorganisation Condition**);
- (3) the obtaining of a letter 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 of the MAC
Condition and the Reacquisition Condition, no other

LETTER FROM THE BOARD

Pre-sale Reorganisation

The Company will undertake a series of re-aleasing transactions, the scope of which is to be agreed with the relevant parties, and the relevant parties will be the Remanufacturing Group and the Target Group in the relevant business. Amongst the relevant parties, the Target Group will assign to the Remanufacturing Group the trademark that are relevant to the China Remanufacturing Business (as defined below) and the Intellectual Property Business (as defined below). The Target Group will also grant to the Remanufacturing Group a perpetual, non-exclusive license to use in the China Remanufacturing Business the trademark that can be lifted from the Target Group's portfolio (details of the facts that the relevant parties will agree to a license contract and the relevant parties will be agreed to the relevant facts that are the same or similar to the relevant facts that the Target Group).

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 agreed by the Purchaser fail to fulfill its obligation to Close; or (ii) the Purchaser fail to submit the relevant 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 agreed by the Company fail to fulfill its obligation to Close, the Company has agreed to pay the Purchaser a break fee of RMB300 million.

Anti-Embarrassment

If Close fails to take place due to the Shareholder Approval Conditions not being satisfied and, in the 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 a amount equal to 70% of half of the liability for the share in the relevant transaction (as compared with the relevant share of the same ratio of share in the relevant transaction of the Target Company).

LETTER FROM THE BOARD

Non-competes

The Company shall not, and shall not take to solicit or solicit members of the Remaining Group shall, directly or indirectly, cause, participate in or be engaged or interested in (including in the future, or in the future) a Taggart Brie 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 Taggart Brie (less than 30% of its total assets attributable to the combined company of the acquired business);
- (2) each a licensee, have or imitate or in a limited extent that do not exceed 5% of the total licensee, have or imitate or of that extent;
- (3) on or after the date which it or (2) on or after the Closing Date, establish a Taggart Brie in the PRC with 70% of its total assets from manufacturing or distributing goods solely for market outside the PRC; and
- (4) cause a China ODM Brie.

LETTER FROM THE BOARD

3. THE SHAREHOLDERS' AGREEMENT

The Com a , Ligh i g Holdi g II a d Holdco hall e t a i to the Shareholders' Agreement o the Clo i g D a e t o go a t the f t s e e l a i o h i of the Com a a d Ligh i g Holdi g II a h a e holders of Holdco. The s i c i a l t a m of the Shareholders' Agreement a e a o t belo :

Parties

- (1) Ligh i g Holdi g II;
- (2) the Com a ; a d
- (3) Holdco.

each a **Party** a d colleq i el , the **Parties** .

Board of Directors

The board of direq a of Holdco hall co i t of 5 direq a . Ligh i g Holdi g II hall ha e the right to a oi t 3 direq a a d the Com a hall ha e the right to a oi t 2 direq a .

Transfer Restriction

Wt ho t the s i a s i t e co e t of the q h a t , e i h a the Com a a Ligh i g Holdi g II ma t r a f a a of i h a e i Holdco to:

- (a) a t h i d a t (q h a t h a t o a affiliate) befo e the fo t h a i a a of the Clo i g D a e; a
- (b) co t a i s e t r i q e d t r a f a e e a t h e i n affiliate , d i g the a i o d b q e e the fo t h a i a a of the Clo i g D a e a d the f i f h a i a a of the Clo i g D a e.

Right of First Offer

S b j e q t o the s e t r i q i o a a o t i the Shareholders' Agreement, h a e the Com a s o o e t o e l l a o f i h a e i Holdco to a a o (q h a t h a t o a affiliate), the Com a hall f i t o f f a t o Ligh i g Holdi g II the right to a c i e ch h a e a a s i c e s o o e d b the Com a . If Ligh i g Holdi g II a c c e t ch o f f a , the Com a hall e l l ch h a e t o Ligh i g Holdi g II. If Ligh i g Holdi g II doe a c c e t ch o f f a , the Com a hall ha e the right to e l l ch h a e t o a b o a f i d e t h i d a t a a s i c e a d o t a m a d co d i o the a m e a a m o e f a a b l e t o the Com a t h a t h o e o f f a e d t o Ligh i g Holdi g II i h i a a i o d of 12 mo t h a f a the o f f a t o Ligh i g Holdi g II.

LETTER FROM THE BOARD

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

Where the Com a s o o e t o e l l a a t o f i t s a i o a l l i g h t i n g b i e h i c h, i d i d a l l o f t h e a g g e g a e, s e e e t 60% o m o e o f t h e t q a l a d i e d s e e e o f t h e i t s a i o a l l i g h t i n g b i e i t h e m o t s e c e t f l l f i a c i a l e a t o a o (q h a t h a t o a a f f i l i a e), t h e C o m a h a l l f i t o f f e H o l d c o t h e s i g h t o a c i e c h i t s a i o a l l i g h t i n g b i e a a s i c e s o o e d b t h e C o m a . I f H o l d c o a c c e t c h o f f e, b j e q t o t h e s i g h t o f t h e m i o i t h a e h o l d e i c h i t s a i o a l l i g h t i n g b i e , t h e C o m a h a l l e l l c h i t s a i o a l l i g h t i n g b i e t o H o l d c o. I f H o l d c o d o e q a c c e t c h o f f e, t h e C o m a h a l l h a e t h e s i g h t o e l l c h i t s a i o a l l i g h t i n g b i e t o a b o a f i d e t h i d a t a a s i c e a d o t a m a d c o d i o t h e a m e a o m o e f a o a b l e t o t h e C o m a t h a t h o e o f f e d t o H o l d c o i n h i a e i o d o f 12 m o t h a f a t h e o f f e t o H o l d c o.

Pre-emptive Right

If Holdco s o o e t o i e a e e e c s i e (i c l d i g h a e, o t i o , a a t , e c s i e t h a a e c o a t i b l e i t o h a e c a i a l, a d d e b t e c s i e), e a c h o f t h e C o m a a d L i g h t i n g H o l d i n g I I, a t h e h a e h o l d e o f H o l d c o, h a l l h a e t h e s i g h t o b a i b e f o a s o a a a t i o o f t h e e e c s i e e i a l e t t o i h a e o a h i a c e t a g e i H o l d c o.

LETTER FROM THE BOARD

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 t h e h a e c a i t a l i H o l d c o t o a a o (q h a t h a t o a a f f i l i a 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 i g h t o s e i e e a c h q h a h a e h o l d a 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 t 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 s i g h t i f t h e c o i d 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 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 i 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 a i g a t h e A g r e e d I t a e t 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 a 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 a 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 a 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 s i g h t i f t h e c o i d 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.

LETTER FROM THE BOARD

Tag Along

If Lighting Holdings II is offered to a third party, the Holdco to a third party (whether a subsidiary), the Company shall have the right but not the obligation to sell the shares it owns from its available treasury of shares in Holdco on the same terms and conditions as Lighting Holdings II is being sold in Holdco, provided that if Lighting Holdings II is offered to a third party more than 50% of the shares in Holdco and does exercise its tag-along right, the Company shall have the right to sell the shares it owns to all of the Company's shareholders in Holdco.

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 consider relating to Holdco and its subsidiaries, including:

- (a) a public offering of a stock exchange in the PRC, which Lighting Holdings II shall agree if it is a public offering of the Small and Medium-sized Enterprise Board of the Shanghai Stock Exchange of the PRC (A-Share Listing) is offered by the Company and meet certain financial metrics (leave the 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, whether a limited circumstance (such as 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 assets for an amount greater than RMB100 million (aggregate) in a 12 month period;
- (f) entering into contracts or commitments or liabilities or indebtedness greater than RMB80 million;

LETTER FROM THE BOARD

- ## Qualifying IPO

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 recognized stock exchange of the shares of Holdco may be qualified (including, but not limited to, a sale).

4. INFORMATION OF THE PARTIES INVOLVED

The Company

LED Holdings

LETTER FROM THE BOARD

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 e i g Com a Limited* (惠州雷士照明工程有限公司), a PRC i c o r p o r a t e d com a n y with limited liability	100%
11	Zh hai Do g ha g Deco r a t i e Light i g Tech olog Com a Limited* (珠海東尚燈飾科技有限公司), a PRC i c o r p o r a t e d com a n y with limited liability	100%
12	Zho g ha Lei a Light i g Com a Limited* (中山市雷雅照明有限公司), a PRC i c o r p o r a t e d com a n y with limited liability	100%
13	Cho g ho Co n s t r u c t i o n Com a Limited* (崇州建設有限公司), a PRC i c o r p o r a t e d com a n y with limited liability ()	100%
14	Y a Di gjia Light i g Tech olog Com a Limited* (雲南鼎建光電科技有限公司), a PRC i c o r p o r a t e d com a n y with limited liability ()	10%

Blue Light Group

	Company Information	Shareholding held by the Company
1	Bl e Light (HK) T r a d i g Co., Limited (香港蔚藍芯光貿易有限公司), a Ho g Ko g i c o r p o r a t e d com a n y with limited liability	100%
2	W h Bl e Light Light i g T r a d i g Com a Limited* (蕪湖蔚藍芯光照明貿易有限公司), a PRC i c o r p o r a t e d com a n y with limited liability ()	100%
3	W h Fe glei N e t w o r k Tech olog Com a Limited* (蕪湖風雷網絡科技有限公司), a PRC i c o r p o r a t e d com a n y with limited liability ()	100%
4	W h NVC Ele t r o i c B i e Com a Limited* (蕪湖雷士照明電子商務有限公司), a PRC i c o r p o r a t e d com a n y with limited liability ()	100%

LETTER FROM THE BOARD

Company Information		Shareholding held by the Company
5	H i ho Sha g i E-commerce Com a Limit ed* (惠州市尚億電子商務有限公司), a PRC i co o a ed com a i h limit ed liabilit ()	100%
6	Zh hai Yijie Ne o k Tech olog Com a Limit ed* (珠海市壹姐網絡科技有限公司), a PRC i co o a ed com a i h limit ed liabilit ()	100%
7	Zh hai H i i E-commerce Com a Limit ed* (珠海惠銀電子商務有限公司), a PRC i co o a ed com a i h limit ed liabilit ()	100%
8	W h Aoko g E-commerce Com a Limit ed* (蕪湖奧空電子商務有限公司), a PRC i co o a ed com a i h limit ed liabilit ()	100%
9	Zh hai Leido g Tech olog Com a Limit ed* (珠海市雷東科技有限公司), a PRC i co o a ed com a i h limit ed liabilit ()	100%
10	H i ho Sha gjia Ligh i g Com a Limit ed* (惠州市尚佳光電有限公司), a PRC i co o a ed com a i h limit ed liabilit ()	100%

Zhuhai Yaohui Group

Company Information		Shareholding held by the Company
1	Zh hai Yaoh i Tech olog Co., Lt d. * (珠海耀輝科技有限公司), a PRC i cō ō ā ed com a ī h limit ed liabilit	100%
2	Zh hai She gh a a g Tech olog Com a Limit ed* (珠海盛華陽科技有限公司), a PRC i cō ō ā ed com a ī h limit ed liabilit	100%
3	Zh hai NVC Tech olog Com a Limit ed* (珠海雷士科技有限公 司), a PRC i cō ō ā ed com a ī h limit ed liabilit	100%

LETTER FROM THE BOARD

Company Information	Shareholding held by the Company
4 Zh hai Ba ke le Mo de Fa ti ke Com a 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 Lia g jia Tech olog Com a Limited* (珠海雷士靚家科技有限公司), a PRC incorporated company with limited liability	100%
6 Kai a Zh e II (She he) E ti I et me t Pat a hi * (開元朱雀二期(深圳)股權投資合夥企業), a PRC incorporated limited a t a hi ()	99%
7 Zh hai NVC Logi tic Com a Limited* (珠海市雷士物流有限公司), a PRC incorporated company with limited liability	100%
(i) The e com a ie a e a o c i a e of H i ho NVC a d t h e i f i a c i a l i f o r m a i o i i a c c o t e d f o r i t h e f i a c i a l t a e m e t of H i ho NVC i A e d i II.	
(ii) The com a i t h e b i d i a of H i ho NVC L i g h i g E g i e a i g Com a Limited a d i f i a c i a l i f o r m a i o i i a c c o t e d f o r i t h e c o l i d a e d f i a c i a l t a e m e t of H i ho NVC L i g h i g E g i e a i g Com a Limited i A e d i II.	
(iii) The com a i a c c o t e d f o r a a f i a c i a l a e i t h e f i a c i a l t a e m e t of H i ho NVC T r a d i g D e l o m e t Com a Limited i A e d i II.	
(i) The e com a ie a e b i d i a i e of B l e L i g h a d t h e i f i a c i a l i f o r m a i o i i a c c o t e d f o r i t h e c o l i d a e d f i a c i a l t a e m e t of B l e L i g h i A e d i II.	
() The com a i a c c o t e d f o r a a f i a c i a l a e i t h e f i a c i a l t a e m e t of Zh hai NVC Tech olog Com a Limited i A e d i II.	
(i) The limited a t a hi i a j o i t e t s e of Zh hai NVC Tech olog Com a Limited a d i f i a c i a l i f o r m a i o i i a c c o t e d f o r i t h e f i a c i a l t a e m e t of Zh hai NVC Tech olog Com a Limited i A e d i 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 accordance with the financial information of the Target Company which are set equalised under International Financial Reporting Standards for the periods ended 31 December 2017 and 2018, set equal:

	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 are audited by the management based on the following limited to those set out below:

- a. including all assets and liabilities of all entities of the Target Group and aggregating all financial net assets (profit or loss) of all entities of the Target Group;
- b. eliminating off the balance sheet as at the ended 31 December 2017 and 2018 and balance as at 31 December 2017 and 2018 in the Target Group, set equal;
- c. including the balance sheet as at the ended 31 December 2017 and 2018 and balance as at 31 December 2017 and 2018 of the direct entities that are a subsidiary of the Target Group;
- d. transferring the subsidiary to be the Target Group and Remaining Group to each other as a single entity to be the Target Group and Remaining Group on 31 December 2017 and 2018 for the purpose of the settlement of financial position of the Target Group as at 1 January 2017 and 2018 for the purpose of the settlement of profit or loss of the Target Group;
- e. the financial information is taken into account the gain or loss arising from the reorganisation and the settlement of reorganisation, if any; and
- f. including financial information of the investment to be made from the entities in the Remaining Group as at 1 January 2017 and 2018 and as at the ended 31 December 2017 and 2018, if any.

The effect of the Total Consideration on the net book value of the Target Group as at 30 June 2019 is derived from the audited financial information of the Target Group prepared by the management based on aforementioned terms and assumptions 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 expected share of the estimated proceeds from the Dividend (a share of RMB878,852,382 (being the Cash Consideration after deducting the Special Dividend) will be distributed to the shareholders of the Company. It is also noted that the Company's share of the dividend (located in Jiangsu, Zhejiang) has a debt of 121,680,000 of the company, Shanghai (located in Shanghai) has a debt of 9,450,000 of the company and Zhonghai (located in Zhonghai, Guangdong) has a debt of 7,200,000 of the company, and the company for the dividend is also a company. The Group is also a company of LED lighting and Sothea. Further, the Company is also a company of LED lighting and Sothea. The Company is also a company of LED lighting and Sothea. The Company is also a company of LED lighting and Sothea.

Returns to the Shareholders

LETTER FROM THE BOARD

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, together with consideration receivable at the fair value of the right to use the trademark that were attributable to the Chia Remainig Balance to be assigned by the Target Group to the Remainig Group; and (ii) the amount of the Target Group as at 30 June 2019 affected by the group consolidation; foreign currency translation reserve of the Target Group. Shareholders should understand the financial effect in the future for reference on the actual amount of gain or loss as a result of the Disposal is subject to audit by the auditor.

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

9. INTENDED USE OF PROCEEDS

The Cash Consideration is determined to be RMB4,611,307,628, subject to certain potential adjustment as a result of the Share Purchase Agreement. Affected by the acquisition cost adjustment, 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 (hereinafter referred to as the 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 the following: the International Business Incubation, accommodation, building ground lease and other facilities.

No application is being made or is contemplated to be made on behalf of the Share Consideration to be listed or dealt on a stock exchange.

10. SPECIAL DIVIDEND

Subject to, among matters, 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 determined by the Company. Further announcement will be made by the Company in this regard as and when appropriate.

11. LISTING RULES IMPLICATIONS

The declaration and amendment of the Special Dividend are subject to Shareholders' approval at the EGM. All Shareholders' interest in the Special Dividend at the time. Accordingly, no Shareholders are entitled to obtain from any of these entities a relation to the Special Dividend at the EGM.

LETTER FROM THE BOARD

12. EGM

The EGM will be conducted 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 concerning 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.hk>).

Whereas the Shareholders are able to attend the EGM, they are entitled to comply and sign the enclosed form of proxy in accordance with the instructions set out therein and deposit it to the Company's Hong Kong branch secretaries, Company's Hong Kong Internet Service Limited, at 17M Floor, Hongell 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. at least at 10:00 a.m. on Saturday, 16 November 2019). To be effective, all forms of proxy must be lodged with the Company's Hong Kong Internet Service Limited before the deadline. Completion and deposit of the form of proxy will constitute Shareholders' assent to the agenda of 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 transfers for documents accompanied by the relevant share certificate must be lodged with the Company's Hong Kong branch secretaries, Company's Hong Kong Internet Service Limited, Shop 1712-1716, 17th Floor, Hongell 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 transfers for documents accompanied by the relevant share certificate must be lodged with the Company's Hong Kong branch secretaries, Company's Hong Kong Internet Service Limited at the above mentioned address for registration before 4:30 p.m. on Thursday, 21 November 2019.

LETTER FROM THE BOARD

14. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The independent committee of the Board comprising Mr. Lee Kog Wai, Chairman, Mr. Wang Xueia, Mr. Wei Hongio and Mr. S Liang, 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) regarding 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 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.

15. RECOMMENDATIONS

Yours attention is drawn to the letters from the Independent Board Committee on pages 39 to 40 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) regarding the EGM. Yours attention is also drawn to the letters of advice from Gram Capital on pages 41 to 68 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 Directors (including the independent non-executive Directors) consider 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 subject to the ordinary and usual course of the business of the Group, are fair and reasonable, on normal commercial terms, and are in the interest of the Company and the Shareholders as a whole.

The independent non-executive Directors, after taking into consideration the advice of the Independent Financial Adviser, consider 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 interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

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 Letter 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 resolution to approve the Special Dividend at the EGM and the exercise 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

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 thereby are on normal commercial terms and are fair and reasonable for 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 thereby are required to be adopted and approved by the Board and all core members of the Group, the Committee is of the view that the Shareholders as a whole. Accordingly, we recommend that you vote in favour of the resolution 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 Kong Wai, Chairman, Mr. Wang Xiaohua, Mr. Wei Hongyi and Mr. Song Li (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 ordinary course of business of the Group; and (iii) how the Independent Shareholders should exercise their voting rights on a vote on 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 attendance immediately preceding the Last Recordable Date, Mr. Graham Lam, as the controlling officer (i) the ownership of the independent financial adviser was held by the Company's subsidiaries dated 30 June 2018 in the equity of the acquisition of 60% equity interest in Blue Light (HK) Trading Co., Limited and 5% equity interest in Wh NVC Lighting E-Commerce Limited; and (ii) the ownership of the independent financial adviser was held by the Company's subsidiaries dated 10 October 2018 in the equity of the acquisition of the entire equity interest in Elec-Tech Solid Lighting (HK) Limited. As the aforesaid at

LETTER FROM GRAM CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In issuing this circular letter 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, the Group focuses on energy-saving products. As at the Latest Practicable Date, the Group is principally engaged in the design, development, production, marketing and sales of lighting products and certain low-voltage lighting products in the China market and international market.

Set out below are the consolidated financial information of the Group for the immediately ended 30 June 2018, the immediately ended 30 June 2019 and the immediately ended 31 December 2018 as extracted from the Company's interim report for the immediately ended 30 June 2019 (the **2019 Interim Report**) and also for the immediately ended 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
– Direct Cost	3,286,304	2,543,813	29.19
– Indirect Cost	185,150	280,852	(34.08)
– Indirect Cost	342,868	266,481	28.67
– Indirect Cost	1,090,526	972,017	12.19
Gross 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 immediately ended 31 December 2018 (FY2018), representing an increase of a nominal 20.72% as compared to that for the immediately ended 31 December 2017 (FY2017).

LETTER FROM GRAM CAPITAL

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

Revenue from international market (i.e. international NVC brand and non-NVC brand) amounted to a total of RMB1.28 billion for FY2018, representing a slight increase of a total of 1.82% compared to that for FY2017. With effect from the 2018 Annual Report and advised by the Director, the decrease is mainly due to the acquisition of ETI Solid State HK during FY2018, which also included the acquisition of the North America market and decreased the overall sales volume of non-NVC brand; and a balanced by the decrease in sales 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 decrease in gross profit margin is mainly due to the change in the product sales mix, 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 an increase of 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

	For the six months ended 30 June 2019 MB'000 ()	For the six months ended 30 June 2018 MB'000 ()	Year on year change %
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 – Cost of sales	141,238	133,967	5.43
– International – Cost of sales	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 increase 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 increase of a total 33.31% as compared to that for HY2018. With effect of the 2019 Interim Report and advised by the Director, the increase is mainly due to (i) the revenue contribution of NVC brand from the newly launched e-commerce business and (ii) the increase in the number of sales for O-NVC brand LED lighting products and lighting electrical 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 increase of a total 43.78% as compared to that for HY2018. With effect of the 2019 Interim Report and advised by the Director, the increase is mainly due to the revenue contribution of O-NVC brand from the newly launched ETI Solid State HK 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 Interim Report, the increase in gross profit margin is mainly due to (i) the impact of the acquisition of bidisale, which resulted in a increase in the overall gross profit margin; (ii) the increase in the ratio of e-commerce products with high gross profit margin; and (iii) the combined effect of the tax and financial charge of products sales. For HY2019, the Group recorded gross profit of a total RMB901.66 million, representing a increase of a total 66.16% as compared to that for HY2018.

LETTER FROM GRAM CAPITAL

The Group recorded profit of approximately RMB393.22 million for HY2019, representing an increase of approximately 286.87% as 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 as 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 receivables of approximately RMB763.32 million and RMB3.58 billion respectively.

Information of LED Holdings

With reference to the Board Letter, LED Holdings 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 Holdings 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 Holdings II is a private limited company incorporated in Singapore, and is a wholly owned subsidiary 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 Holdings 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 Holdings II and the limited liability company of Lighting Holdings II are not related parties in relation to the Company and connected persons of the Company.

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 its interest (which will hold its interest after a takeover arrangement). The Target Group is principally 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:

For the year ended 31 December 2018	For the year ended 31 December 2017
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LETTER FROM GRAM CAPITAL

- (d) the foregoing investment is bid to be the Target Group and Remaining Group to each other as a going concern through a net asset purchase by the Target Group and Remaining 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 profit ratio of the Target Group;
- (e) the financial ratio is taken into account the gain ratio arising from the reorganization and the effect of the ratio of reorganization, if any; and
- (f) the dividend financial ratio of investment to amount of the investment in the Remaining 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 demand for LED lighting is growing and the rise of overseas emerging market, overseas market have offered a strategic growth opportunity to PRC LED lighting enterprises. As mentioned in the Board Letter, the Group has established its sales and distribution business in Europe, Australia, Middle East, South America and Southeast Asia. We derived 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 the production, 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 independent authorization for a full business plan of the Tohiba brand in Japan (the business model of which is a wholly-owned subsidiary of the Optimum Stage) and the equity-headed REASONS FOR AND BENEFITS OF THE DISPOSAL of the Board Letter), which resulted in a successful breakthrough of the Group in the Japanese market. In the future, the Company is expected to develop its International Business.

As mentioned in the equity above, 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.

LETTER FROM GRAM CAPITAL

As further mentioned in the Board Letter, as the Company has decided to shift its strategic focus to the Internet of Things ("IoT") business, more resources need to be contributed to the overall business for its continuous development. Under such circumstance, the Directors acknowledge that the Company's business optimization strategy in the Group will be able to (i) re-allocate the management, capital and human resources originally used in the China NVC-Lighting Business to the Internet of Things business after the Dividend, and (ii) receive considerable cash proceeds from the Dividend to make further investment in the Internet of Things business. After the Dividend, the Remaining Group will be mainly engaged in: (i) the China Remaining Business; (ii) the China ODM Business; and (iii) the Internet of Things business. The Remaining Group may also add business to the manufacturing, sales and distribution of certain household lighting products and items under the NVC brand in China as agreed with Lighting Holding II.

According to the Board Letter, after deducting transaction costs and taxes, the estimated cash proceeds from the Dividend will amount to an estimated RMB4,277,078,750. The Company intends to let 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 addition of the Internet of Things facilities, including, among matters, building of new 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 fully paid 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 can bring positive effects 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 transaction costs and taxes) will be used for further investment in the Company's Internet of Things business. Currently, the Group's Jiangha Lighting (located in Jiangha, Zhejiang), Shanghai Lighting (located in Shanghai) and Zhonghai Lighting (located in Zhonghai, Guangdong) produce products for the Internet of Things business on a sole basis. The Group is currently setting up a production line of LED lighting products in South China. Furthermore, the Company intends to add the Internet of Things business through mergers and acquisitions. The Company is currently in the

LETTER FROM GRAM CAPITAL

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2. Principal terms of the Transactions

The Share Purchase Agreement

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a e t a q e d f o m t h e B o a d L e t a :

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10 A g t 2019

- (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 a 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 a o f t h e H o l d c o)

LETTER FROM GRAM CAPITAL

/C ,

On Closing, the PSCA will acquire 100% of the issued share capital of each of the Target Companies. In consideration, the PSCA will pay 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 an additional 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 assuming that (1) Holdco will own 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 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 optional adjustment as set out in the Share Purchase Agreement.

To fulfill the acquisition of 70% equity interest in the Target Companies, Holdco and the PSCA (as the case may be) will raise the capital of RMB2,211,307,628 (the **Capital**) and the equity raised capital of no less than RMB2,400,000,000 as long-term indebtedness (the **Indebtedness**). On Closing, if Holdco, in default through the PSCA, borrow a amount, after which (i) cash of the PSCA and (ii) financing cost, in excess of RMB2,400,000,000 debt acquisition facilities, the sale of the Share Consideration will decrease. In order to come after each decrease of the sale of the Share Consideration, the PSCA will increase the amount of the Cash Consideration by the same amount (the **Adjustment Arrangement**) so that the Total Consideration to be received by the Company on Closing shall remain the same, being RMB5,559,010,897.

Immediately after Closing, the Company and Lighting Holding II will receive equal 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 immediately 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 issued to the Company on the Closing Date.

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

LETTER FROM GRAM CAPITAL

As further mentioned in the Board Letter, in determining the Initial Consideration, the Director considered (a) that the Target Group recorded a profit of a nominal 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 a nominal RMB4,131,041,000.

For our due diligence review, we relied and relied on (i) the terms of the engagement of JLL in the Company; (ii) JLL's qualification and expertise in relation to the valuation of the Valuation Report; and (iii) the team's due diligence measures taken by JLL for conducting the Valuation. From the material letters and documents at the formation provided by JLL and based on our interview with them, we ascertained that the terms of engagement of JLL and their qualification and expertise for the valuation of the Valuation Report. JLL also confirmed that the fee is dependent on the Group and the Target Company.

The Valuation Report is assessed 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 Council. In particular, the International Valuation Standards require, among others, the application and consideration of the financial ratios and approaches (i.e. the market approach, the income approach and the cost approach), and the key consideration in the election of the appropriate 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 a reliable amount of five-year economic income projection, forecast of the reliable future cash flow and the income approach is available; and (ii) the cost approach does not directly incorporate information about the economic benefit contributed by the business (e.g. 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 relied and relied on JLL on the methodology adopted and the basis and assumptions adopted in arriving at the Valuation in order for us to conduct the Valuation Report. For details of the assumptions of the Valuation, please refer to the equity headed MAJOR ASSUMPTIONS in Appendix V of the Circular.

LETTER FROM GRAM CAPITAL

We request that JLL affirm the following in which it declares the PER, the price to book ratio (PBR) and the price to sales ratio (PSR) for the purpose of issuing the Valuation. JLL reached for listed companies in 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 energy-saving products in China (including lighting products). Details of the Comparable Companies are set out in Appendix V of the Circular.

For our due diligence purpose, we relied on JLL regarding the basis for the selection of the Comparable Companies. Having considered the following factors:

- (i) the enterprise and ratio of JLL;
- (ii) the Valuation Report is prepared by JLL in accordance with IFRS 13 Fair Value Measurement and take into account the International Valuation Standard issued by the International Valuation Standards Council;
- (iii) as advised by JLL, JLL did not object to the selection of Comparable Companies which meet the above said selection criteria; and
- (iv) we reached our conclusion of Shanghai Stock Exchange, Shenzhen Stock Exchange and the Stock Exchange; and we relied on the latest available data of 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 doubt the fairness and reasonableness of the Comparable Companies.

In addition, we also request that JLL disclose a discount of 14.9% for lack of marketability in the issuing of the Valuation. As advised by JLL, a discount for lack of marketability (DLOM) is a method used to calculate the value for closely held and restricted shares. The reason behind DLOM is that the discount is to be applied to 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 private interest into cash is the same as the listed company. As such, a valuation discount is not applied.

With reference to the Valuation Report, JLL referred to the article Discount for lack of Marketability, Job Aid for IRS Valuation Professional 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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the allocation in accordance with IFRS 13 Fair Value Measurement and take into account the Initial Allocation Standard issued by the Initial Allocation Valuation Standard Council, considering the application of DLOM to be fair and reasonable.

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



Upon review of the data mentioned in the Board Letter, the Director advised that:

- (i) The consideration for 70% of the Target Company is initially agreed at RMB3,891,307,628 (i.e. the Initial Consideration) based on commercial decision and therefore set the Valuation.
- (ii) To fulfill the action of the Target Company, Holdco and the PSCA (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) As the Company will own 30% of the share capital of Holdco immediately after Closing, the Company will be indirectly associated with 30% of the Indebtedness (i.e. RMB720,000,000). Accordingly, the Cash Consideration should be the sum 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 (representing 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% over the Valuation of RMB4,131,041,000;
- (b) the Initial Consideration of RMB3,891,307,628 represents a premium of approximately 34.57% over 70% of the Valuation (i.e. approximately RMB2.89 billion);
- (c) on due diligence check on the Valuation assumptions above;

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(d) the Adjusted Aggregate Capital Expenditure that the Target Company is to be received by the Company and Cloigg shall remain the same, being RMB5,559,010,897 and after the Group's interest in the entity that the Indebted Entity exceed RMB2,400,000,000,

each of the entities that the Target Company is fair and reasonable.

Other principal terms

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

Company dividend adjustment: If, before 31 December 2018 and the Cloigg Date, a leakage of value from the Target Company occurs, the Cash Company will be reduced on a dollar-for-dollar basis to come after the Purchase of 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 at least a amount, a meeting kind, or other a factor 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 latter's group of associated companies (including the Target Group).

Additional interest in equity to be if cash not fall: If the Target Group's Net Adjusted Cash Amount fall below RMB300,000,000 at a time before Cloigg and the date of the month after Cloigg, Lighing Holding II shall have a right of additional interest in equity to be if cash not fall and if Lighing Holding II exercise the right, Lighing Holding II and the Company will be obliged to interest 70% and 30% of the not fall (equivalently) into Holdco in the form of additional interest. In fact, Holdco will interest additional have to Lighing Holding II and the Company a price or have all of the price or have a high the Share Company a interest.

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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 obligation to Close; or (ii) the Purchaser fails to submit the attestation 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 obligation to Close, the Company has agreed to pay the Purchaser a break fee of RMB300 million.

Anti-Embargoment:

If Closing fails to take place due to the Shareholder Approval Conditions not being satisfied and, within the month of the date of the EGM, the Company will, directly or indirectly, more than 50% of the share of at least two of the three Target Companies, the Company will be entitled to a total of the Purchaser's amount up to 70% of half of the liability for the share in the economic activity (a combined interest relationship of the same ratio of share in the activity based on the Total Contribution).

Non-compliance:

The Company shall, and undertake to ensure that all members of the Remaining Group shall, directly or indirectly carry on, participate in or be engaged or interested in (including indirectly, or indirectly financially or materially, 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 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 or its attributable to the combined company of the acquired business);
- (2) purchase a subsidiary, have a similar interest in a listed entity that does not exceed 5% of the total equity, have a similar interest of that entity;

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(3) on or after the date which it is to (2) be after the Closing Date, establish a Target Buy-in to the PRC with 70% of its total assets from manufacturing and distribution of products for marketing outside the PRC; and

(4) carry on a China ODM Business.

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

For the diligence review, we received 5 substantial data acquisition coded/assigned by companies listed on the Stock Exchange from 11 August 2018 to 10 August 2019 (being the one-year period before the closing of the Share Purchase Agreement). We consider the one-year period to be fairly a reasonable indication of the performance of the companies of the similar scale as the Disposal coded by companies during the same period before the closing of the Share Purchase Agreement. We noted that the terms of each disposal (such as (i) terms related to the formation of a guarantee deed, (ii) contractual liability commitment, (iii) transitional arrangement, and (iv) completion of the acquisition) are generally in line.

Having considered the above and that (i) as advised by the Director, the terms of the Share Purchase Agreement are deemed as a 'legitimate business' of the Company and the Pasha; and (ii) the Total Consideration and the Initial Consideration represent a reasonable 34.57% of the Valuation and 70% of the Valuation respectively, we consider that the terms of the Share Purchase Agreement are overall commercially reasonable and are fairly and reasonably.

The Shareholders' Agreement

We therefore set out the Board Letter, the Company, Lighthouse II and Holdco shall enter into the Shareholders' Agreement on the Closing Date to go into the full relationship of the Company and Lighthouse 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) Lighthouse II;
- (2) the Company; and
- (3) Holdco.

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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 company, either the Company or Lighting Holding II may not sell or otherwise dispose of its shares in Holdco to:

(a) a third party (whether a subsidiary or not) before the fourth anniversary of the Closing Date; or

(b) a third party (whether a subsidiary or not) before 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 or otherwise dispose of its shares in Holdco to a third party (whether a subsidiary or not), the Company shall first offer to Lighting Holding II the right to acquire such shares at a price no less than the Company's then current market value. 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 not less than the Company's then current market value. The Company shall have the right to sell such shares to a bona fide third party at a price not less than the Company's then current market value if the Company has not received an offer from Lighting Holding II within a period of 12 months after the offer to Lighting Holding II.

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Right of first offer related
to Intellectual Lighting
Business:

When the Company is required to sell a part of its intellectual lighting business which, in addition all or part of the aggregate, represents 60% or more of the total added value of the intellectual lighting business in the most recent full financial year to a company (whether that company is an affiliate), the Company shall first offer Holdco the right to acquire the intellectual lighting business at a price approved by the Company. If Holdco accepts such offer, subject to the right of the minority shareholders in the intellectual lighting business, the Company shall sell the intellectual lighting business to Holdco. If Holdco does not accept such offer, the Company shall have the right to sell the intellectual lighting business to a bona fide third party at a price and on terms and conditions the same 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 required to issue new securities (including shares, options, warrants, securities that are convertible into shares, 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 securities available to it have on a pro-rata basis in Holdco.

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Drag alo g:

If Light i g Holdi g II s o o e t o t a f a m o e t h a 50% of t h e h a e c a i a l i H o l d c o t o a a o (q h a t h a t o a a f f i l i a e) a t 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 s i g h t o s e 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 (i . e . t h e D r a g S h a e h o l d e r) t o t a f a a e i a l e t s o s a a a t i o o f i t 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 a f a i g h a e i H o l d c o , s o i d e 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 s i g h t i f t h e c o i d a a i o i t 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 t , s e c a i a l i a i o , s e c l a i 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 (i . e . t h e B a e R i c e) , l (i i) a a m o t s e e e t i g a i t a e t a c a i g a t h e a g r e e d i t a e t s a e a a m o t h e B a e R i c e d s i g t h e s e f a e c e a 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 d e d a q h a i e) m a d e t o t h e s e l e a t D r a g S h a e h o l d e r i t 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 a g r e e d i t a e t s a e h a l l e a l 12% a d t h e s e f a e c e a i o d 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 s e l e a t D r a g S h a e h o l d e r s e c e i e t h e t 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 s i g h t i f t h e c o i d a a i o i t 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 R i c e .

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 af a t he Clo i g Da e;
- (c) the i a ce of ec s i e , q h a t ha i limited
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 Holdco a a of i b idia i e);
- (d) ado ti g a me di g t he a al b i e la ;
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- (f) entering into contracts or commitments involving liabilities exceeding RMB80 million;
- (g) a borrowing or raising of the money that has not been committed borrowing;
- (h) increasing capital expenditure, aggregate increase of RMB140 million in a calendar year;
- (i) a merger, division or reorganization (here the scope of the reorganization is to consolidate or split of Holdco and subsidiary does or more holding companies);
- (j) a substantial dividend, a total liability, receive or administration, Holdco or a subsidiary;
- (k) taking action, or deciding to take action, in relation to certain legal proceedings or regulations in litigation;
- (l) a voting and demonstrating action;
- (m) amendment or modification of the constitution.

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 A-Share Listing (the **Right for Qualifying IPO**).

If, in summary, the A-Share Listing would yield a satisfactory rate of return (calculated from the Closing Date) of at least 18% (or a related basis) of RMB5,559,010,897 (i.e. a Qualifying IPO), Listing Holding II shall have the right for the A-Share Listing, and the Company and Listing Holding II shall receive the same in implemented as soon as possible and provide all co-operation as reasonably required. The implementation of the plan shall be led by the Company.

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If the Qualifying IPO is completed by the date that falls 48 months after the Closing Date, Holdco and its subsidiaries may make an initial public offering of a newly recognized stock exchange at the shareholders of Holdco may elect to list (including, but not limited to, an over-the-counter market).

Since the foregoing IPO is a common law matter, it is a matter of joint estate (hereafter the joint estate of the shareholders' agreement). In order to achieve the fair and reasonable of the terms of Shareholders' Agreement, we reached for formation of joint estate which constituted a qualified and/or completed a proceeding to be limited to the Stock Exchange from 11 June 2019 to 10 August 2019 (being the 12 months period before the expiration of the Share Purchase Agreement) (the **JV Comparable Transaction(s)**) to determine the effect of the shareholders' agreement. We consider the 12-month period to be a fair and reasonable (i) the JV Comparable Transaction could demonstrate the receipt of market value; and (ii) be able to identify 21 JV Comparable Transaction for comparison. Shareholders should note that the business, operations and/or equity 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 election in formation	No election in formation
E-Commerce Holding Limited (1733)	25 July 2019	Yes	No election in formation	No election in formation
YiChang HEC ChangJia Pharmaceutical Co., Ltd. (1558)	24 July 2019	No election in formation	Yes	No election in formation
China Mochal Ltd Limited (978)	20 July 2019	Yes	No election in formation	No election in formation
China Commercial Co. Ltd. (1800)	16 July 2019	Yes	No election in formation	No election in formation
Shanghai Lade Science Limited (8106)	15 July 2019	Yes	Yes	No election in formation
Road King International Limited (1098)	15 July 2019	Yes	Yes	Yes

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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 Port Co., Ltd. (3369)	8 Jul 2019	No	Not applicable	Not applicable
Logitech Smart Edge Holding Limited (1281)	2 Jul 2019	Yes	Not applicable	Not applicable
China Merchants Land Limited (978)	1 Jul 2019	Yes	Not applicable	Not applicable
China Iqoo & Radio Communication Co., Ltd. (1763)	28 June 2019	Yes	Not applicable	Not applicable
F8 Entertainment (Holding) Co., Ltd. (8347)	27 June 2019	Yes	Not applicable	Not applicable
Hadiya Financial Edge Communication Limited (816)	27 June 2019	Yes	Not applicable	Not applicable
Jiahili Group Limited (1285)	26 June 2019	No	Yes	Not applicable
China Digital Video Holding Limited (8280)	26 June 2019	No	Yes	Yes
CIFI Holding (Group) Co., Ltd. (884)	25 June 2019	No	Not applicable	Not applicable
China Greenland Broad Green Tea Group Company Limited (1253)	20 June 2019	No	Yes	Not applicable
China Ring Reusable Edge Holding Limited (527)	17 June 2019	Yes	Yes	Yes
SCUD Group Limited (1399)	17 June 2019	Yes	Not applicable	Yes
Liquor International Limited (8198)	14 June 2019	Yes	Not applicable	Not applicable
Maharaja & Steel Company Limited (323)	12 June 2019	No	Not applicable	Not applicable

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With reference to the agreement of Si Qia Limited (598) dated 25 October 2018, the company proposed to dilute 55% equity interest in a disqualifying hold-out bid of the company. According to the agreement, the tender bid of the company entered a shareholder's agreement of the target company which contained terms relating to (i) pre-emptive right (have one equity certificate made but the target company to a third party that not first being offered to the existing shareholders in accordance with their respective shareholding percentage immediately prior to offering, the shareholder agreed by the existing shareholders that they made a part of the employee incentive plan (if any) of the target company); (ii) tag-along right; and (iii) drag-along right.

With reference to the agreement of Ha Erse a 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 disposal agreement 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 (have a share of registered capital of the target company shall first be offered to the shareholders on a pro-rata basis before the company's equity interest in the target company).

In relation to the right of first offer related to the Intellectual Lighting Business, having considered that the offer would be deemed at a price proposed by the Company, we consider it to be acceptable. We also consider the right for a listing IPO, being a right granted to the Company and can be exercised at the Company's discretion, to be in the interest of the Group.

Having considered the above and that as advised by the Director, the terms of the Shareholders' Agreement are deemed as a 'legitimate business' of the Company and the parties to the Shareholders' Agreement, we consider that the terms of the Shareholders' Agreement are on normal commercial terms and are fair and reasonable.

3. Financial Effects of the Disposal

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

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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With reference to the 2019 Interim Report, the audited consolidated financial and financial liabilities of the Group as at 30 June 2019. According to the Pro Forma Information, the audited consolidated financial and financial liabilities of the Remaining Group would be as at 30 June 2019.

It should be noted that the aforementioned details are for illustrative purposes only and do not constitute a recommendation of the Group or the Directors.

RECOMMENDATION

Having taken into consideration the facts and circumstances set out above, each of the Directors (i) the terms of the Dividend (including the proposed dividend) and the proposed Shareholders' Agreement are on normal commercial terms and are fair and reasonable; and (ii) although the Dividend (including the proposed dividend) is not recommended by the Directors as a whole. Accordingly, we recommend the Independent Board Committee to advise the Shareholders to exercise their discretion in relation to the proposed dividend at the EGM to approve the Dividend (including the proposed dividend) and the proposed Shareholders' Agreement and to recommend the Independent Shareholders to exercise their discretion in relation to the proposed dividend.

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

: Mr. Graham Lam is a licensed and registered with the Securities and Futures Commission as a director of Gram Capital Limited and is a director of the SFO. He has over 20 years of experience in the investment banking industry.

FINANCIAL SUMMARY OF THE GROUP

The audited consolidated financial statement of the Group for each of the three years ended 31 December 2016, 2017, 2018 and consolidated financial statement of the Group for the month ended 30 June 2019 are e-filed in the e-library of the Companies Registry of the Hong Kong Government for the years ended 31 December 2016, page 199 to 399 of the annual return of the Companies Registry for the years ended 31 December 2017, page 220 to 489 of the annual return of the Companies Registry for the years ended 31 December 2018, and page 58 to 132 of the interim return of the Companies Registry for the month ended 30 June 2019, all of which have been published on the website of the Companies Registry (<http://www.e-library.com>) and the website of the Stock Exchange (www.hkex.com.hk):

Quick link to the annual and interim return of the Companies are set out below:

1. Annual return of the Companies for the years ended 31 December 2016 (**2016 Annual Report**)
<http://www.hkex.com.hk/returnedco/return/ehk/2017/0426/201704261041.pdf>
2. Annual return of the Companies for the years ended 31 December 2017 (**2017 Annual Report**)
<http://www.hkex.com.hk/returnedco/return/ehk/2018/0426/20180426731.pdf>
3. Annual return of the Companies for the years ended 31 December 2018 (**2018 Annual Report**)
<http://www.hkex.com.hk/returnedco/return/ehk/2019/0423/20190423964.pdf>
4. Interim return of the Companies for the month ended 30 June 2019 (**2019 Interim Report**)
<http://www.hkex.com.hk/returnedco/return/ehk/2019/0918/20190918163.pdf>

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 disclosure of the total indebtedness of the Group is as follows:

Borrowings

- (i) Secured bank loan of an amount of RMB411.9 million secured by the pledge of accounts receivable and bill receivable, building, right-of-use assets and related to leasehold land of the Group, pledged bank deposits and corporate guarantee executed by subsidiary of the Group.
- (ii) Unsecured bank borrowing of an amount of RMB0.8 million.

Pledged assets

- (i) Certain building included in assets, late in the aggregate carrying amount of assets RMB256.7 million are pledged for the Group's bank borrowing.
- (ii) Certain trade and bill receivable in aggregate carrying amount of assets RMB161.8 million are pledged to the bank borrowing.
- (iii) Bank deposit in aggregate carrying amount of assets RMB289.2 million and RMB0.7 million are pledged for the issue of letters of guarantee of the Group's application of a guarantee in certain PRC legal proceeding as required.
- (iv) Certain right-of-use assets related to leasehold land in aggregate 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 purpose of this indebtedness statement, foreign currency amount have been translated into RMB at the end of the reporting period as at 31 August 2019.

Save as aforesaid and apart from the interest-free liability and normal trade payable, the Group did not have, at the close of business on 31 August 2019, any other trade borrowings, mortgage, charge, debt, loan, capital or credit, debt, equity or other similar indebtedness, finance lease or hire-purchase commitment, liability due to 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 present available financial resources, the Group will have sufficient working capital for the next 12 months from the date of this circular in the absence of unforeseen circumstances, including but not limited to, unforeseen loss of major customers and liabilities and unforeseen default of receivable as well as unforeseen increase in costs and expenses.

The Group is building Vietnam factories to combat the impact of the COVID-19 pandemic from North America by increasing the number of facilities in Southeast Asia. NVC-branded building activities started from June 2020. The Group has also upgraded three factories in China to meet the demand for high-quality products in the categories of electronic components and automotive components. The Group has also established a dedicated OEM factory.

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

In terms of financial management, the Group will continue to adhere to the established policy of reducing costs and improving efficiency of its business and to improve the overall operation of the Group through adjusting a do-it-yourself 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 to develop a new NVC-branded channel 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
	()	()	()	()	()
REVENUE	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)
Gross profit	499,473	338,553	295,916	120,675	166,139
Quartermly income 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 expenses	(202,275)	(136,480)	(145,896)	(42,094)	(79,433)
Quartermly expenses	(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)
PROFIT BEFORE INCOME TAX	212,796	145,765	1,042,205	1,084,281	79,993
Income tax	(31,314)	(24,056)	(22,940)	(15,635)	(40,220)
PROFIT FOR THE YEAR/PERIOD	<u>181,482</u>	<u>121,709</u>	<u>1,019,265</u>	<u>1,068,646</u>	<u>39,773</u>

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
	()	()	()	()	()
PROFIT FOR THE					
YEAR/PERIOD	181,482	121,709	1,019,265	1,068,646	39,773
OTHER COMPREHENSIVE					
INCOME					
Items that may be reclassified					
to profit or loss:					
Financial assets at fair value					
through profit or loss	1,000	(3,000)			
	1,000	(3,000)			
Items that will never be					
reclassified to profit or loss:					
Financial assets at fair value					
through other comprehensive income, net of tax			6,500	7,400	
			6,500	7,400	
TOTAL COMPREHENSIVE					
INCOME FOR THE					
YEAR/PERIOD	<u>182,482</u>	<u>118,709</u>	<u>1,025,765</u>	<u>1,076,046</u>	<u>39,773</u>

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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 ()
At 31 December 2018 and 1 January 2019	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)
Transfer to statutory reserve				2,331	(2,331)	
At 30 June 2019	<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>
At 1 January 2018 as originally presented	266,499	6,416	(2,000)	92,408	753,578	1,116,901
Initial application of IFRS 9					(13,739)	(13,739)
At 1 January 2018 as restated	266,499	6,416	(2,000)	92,408	739,839	1,103,162
Fair value gain on financial assets at fair value through profit or loss			7,400			7,400
Goodwill impairment			1,537,397			1,537,397
Profit for the period					1,068,646	1,068,646
Dividend declared					(80,000)	(80,000)
Transfer to statutory reserve				859	(859)	
At 30 June 2018	<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
	()	()	()	()	()
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Profit before income tax	212,796	145,765	1,042,205	1,084,281	79,993
Adjusted 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 asset, latent asset	1,147	2,010	1,321	333	135
Decrease of asset, latent asset	43,731	42,053	44,512	25,081	25,482
Amortization of leasehold	876	875	876	438	438
Amortization of intangible asset	866	811	1,162	566	674
Impairment/(reversal of impairment) of asset, latent asset	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, depreciation of lease receivable (Reversal of lease-do)/	1,093				4,091
Lease-do of interest	(33,778)	(2,716)	4,930	(673)	5,352
Recovery of bad debt		(3,690)			
Government grant related to tax	(3,244)	(3,704)	(2,284)	(17)	(663)
Financial change of derivative financial liability			10,689		(10,689)
Financial change of held-for-trading 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	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	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 deferred					
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)
Net cash flows generated					
from/(used in) operating					
activities	<u>275,723</u>	<u>370,544</u>	<u>(148,697)</u>	<u>270,281</u>	<u>526</u>
CASH FLOWS FROM					
INVESTING ACTIVITIES					
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 i t a gible					
a q	(335)	(4,893)	(2,494)	(818)	(1,320)
I e t m e t i b i d i a i e	(7,550)	(2,420)	(2,100)		(5,900)
I e t m e t i a o c i a e	(7,800)		(5,000)	(5,000)	
I e t m e t i a j o i t e t s e	(100,000)				
P s c h a e o f l o g t a m					
i e t m e t	(22,000)	(2,000)	(100)	(100)	
P s c h a e o f h e l d - f o t a d i g					
i e t m e t		(88,786)			
Ref d o f i e t m e t i a					
a o c i a e		980			
D e a e l (i a e a e) i t h e					
s e t i q e d b a k b a l a c e a d					
h a t t a m d e o i	160,194	206,128	(247,415)	(292,458)	365,128
Net cash flows (used in)/					
generated from investing					
activities	(76,438)	(226,655)	279,420	(325,771)	356,901
CASH FLOWS FROM					
FINANCING ACTIVITIES					
D i d e d a i d			(691,111)	(80,000)	(340,000)
R e a m e t o f b a k l o a			275,661		(75,661)
I t a e t a i d	(112)		(21,306)	(2,968)	(6,225)
L e a e a m e t					(47)
Net cash flows used in					
financing activities	(112)		(436,756)	(82,968)	(421,933)
Net i a e a e / (d e a e a e) i c a h					
a d c a h e i a l e t	199,173	143,889	(306,033)	(138,458)	(64,506)
C a h a d c a h e i a l e t a					
beg i g o f e a / a i o d	183,740	382,913	526,802	526,802	220,769
Cash and cash equivalents as					
stated in the statement of					
financial position and cash					
flows	382,913	526,802	220,769	388,344	156,263

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
NON-CURRENT ASSETS				
Property, plant and equipment	316	342	371	339
Right-of-use asset				1,243
Quarantine fee	6	49	43	41
Total non-current assets	322	391	414	1,623
CURRENT ASSETS				
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 income		585	6,388	11,298
Total current assets	1,326	9,608	24,627	30,261
CURRENT LIABILITIES				
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 income		349	4,970	4,770
Total current liabilities	1,230	5,813	13,401	15,657
NET CURRENT ASSETS	96	3,795	11,226	14,604
TOTAL ASSETS LESS CURRENT LIABILITIES				
	418	4,186	11,640	16,227
NON-CURRENT LIABILITIES				
Lease liability				966
Total non-current liabilities				966
Net assets	418	4,186	11,640	15,261
EQUITY				
Paid-up capital	1,985	1,985	1,985	1,985
Reserve	(1,567)	2,201	9,655	13,276
Total equity	418	4,186	11,640	15,261

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 ()
At 1 January 2016	1,985	(714)	1,271
Loss attributable to the equity holders of the parent		(853)	(853)
At 31 December 2016 and 1 January 2017	1,985	(1,567)	418
Profit attributable to the equity holders of the parent		3,768	3,768
At 31 December 2017 and 1 January 2018	1,985	2,201	4,186
Profit attributable to the equity holders of the parent		7,454	7,454
At 31 December 2018 and 1 January 2019	1,985	9,655	11,640
Profit attributable to the equity holders of the parent		3,621	3,621
At 30 June 2019	<u>1,985</u>	<u>13,276</u>	<u>15,261</u>
At 1 January 2018	1,985	2,201	4,186
Profit attributable to the equity holders of the parent		2,712	2,712
At 30 June 2018	<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	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	()	()	()	()	()
CASH FLOWS FROM					
OPERATING ACTIVITIES					
(Loss)/profit before income tax	(853)	4,619	9,860	3,669	4,994
Adjustment for:					
Income tax		(11)	(19)	(8)	(12)
Finance cost					36
Loss on disposal of item of property, plant and equipment			3	2	
Decrease of item of property, plant and equipment	50	58	86	39	144
Amortization of intangible asset		4	6	3	2
	(803)	4,670	9,936	3,705	5,164
(Increase)/decrease in:					
inventory	(1,022)	(986)	(993)	(268)	29
Increase in trade receivable		(4)	(108)	(98)	(519)
(Increase)/decrease in:					
prepayment, deposit and other receivable	(73)	(291)	44	9	23
Decrease/(increase) in other current asset	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 due from group companies		(585)	(5,803)	(6,950)	(4,910)
Increase/(decrease) in amount due to group companies		349	4,621	143	(200)
Cash (used in)/generated from operating activities	(1,377)	7,025	9,788	(2,554)	1,326
Income tax paid		(638)	(1,761)	(708)	(995)
Net cash flows (used in)/generated from operating activities	(1,377)	6,387	8,027	(3,262)	331

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	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	()	()	()	()	()
CASH FLOWS FROM					
INVESTING ACTIVITIES					
Interest received		11	19	8	12
Repayment for a d purchase of item of fixed asset, late					
addition	(83)	(84)	(118)	(114)	(7)
Additional purchase of intangible asset	(7)	(47)			
Net cash flows (used in)/ generated from investing activities	(90)	(120)	(99)	(106)	5
CASH FLOWS FROM					
FINANCING ACTIVITIES					
Capital increase	1,575				
Lease payment					(114)
Net cash flows generated from/(used in) financing activities	1,575				(114)
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
Cash and cash equivalents as stated in the statement of financial position and cash flows	157	6,424	14,352	3,056	14,574

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) to 31 December 2016 <i>MB'000</i> ()	Year ended 31 December 2017 <i>MB'000</i> ()		Six months ended 30 June 2018 <i>MB'000</i> ()	
REVENUE			34,064	21,435	20,595
Cost of sale			(29,339)	(17,278)	(18,723)
Gross profit			4,725	4,157	1,872
Quasi income and gain			8	3	7
Selling and distribution cost			(392)	(92)	(231)
Administrative expenses			(3)	(2)	(3,229)
Finance cost					(7)
PROFIT/(LOSS) BEFORE INCOME TAX			4,338	4,066	(1,588)
Income tax			(1,111)	(1,016)	394
PROFIT/(LOSS) FOR THE PERIOD/YEAR			3,227	3,050	(1,194)
OTHER COMPREHENSIVE INCOME					
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR			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
NON-CURRENT ASSETS				
Right-of-use asset				172
Deferred tax asset				742
Total non-current assets				914
CURRENT ASSETS				
Inventory			3,820	5,247
Trade receivable			26,214	38,723
Prepayment, deposit and other receivable			1,665	20,862
Other current asset				785
Cash and cash equivalent			3,908	5,865
Total current assets			35,607	71,482
CURRENT LIABILITIES				
Other payable and accrual				346
Lease liability				47
Income tax payable			26	
Debt on long-term contract			32,354	69,841
Total current liabilities			32,380	70,234
NET CURRENT ASSETS			3,227	1,248
TOTAL ASSETS LESS CURRENT LIABILITIES			3,227	2,162
NON-CURRENT LIABILITY				
Lease liability				129
Total non-current liability				129
Net assets			3,227	2,033
EQUITY				
Paid-up capital				
Reserve			3,227	2,033
Total equity			3,227	2,033

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>
	()	()	()
At 21 December 2016 (date of incorporation), 31 December 2016, 1 January 2017, 31 December 2017 and 1 January 2018			
Profit attributable to the equity holders of the parent		3,227	3,227
At 31 December 2018 and 1 January 2019		3,227	3,227
Loss attributable to the equity holders of the parent		(1,194)	(1,194)
At 30 June 2019		2,033	2,033
At 1 January 2018			
Profit attributable to the equity holders of the parent		3,050	3,050
At 30 June 2018		3,050	3,050

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

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

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 2016 <i>MB'000</i> ()	Year ended 31 December 2017 <i>MB'000</i> ()		Six months ended 30 June 2018 <i>MB'000</i> ()	
		2017	2018	2018	2019
		<i>MB'000</i>	<i>MB'000</i>	<i>MB'000</i>	<i>MB'000</i>
REVENUE	57,986	168,325	172,971	106,271	67,503
Cost of sale	(44,396)	(132,470)	(116,467)	(76,042)	(41,940)
Gross profit	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 expenses	(3,113)	(11,792)	(12,896)	(7,704)	(830)
Quasi expenses	(8)	(16)	(149)	(1)	(104)
PROFIT BEFORE INCOME TAX	3,464	10,390	25,132	12,211	19,970
Income tax	(935)	(2,891)	(6,383)	(3,748)	(5,822)
PROFIT FOR THE PERIOD/YEAR	2,529	7,499	18,749	8,463	14,148
OTHER COMPREHENSIVE INCOME					
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	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
NON-CURRENT ASSET				
Property, plant and equipment	137	191	1,022	785
Total non-current asset	<u>137</u>	<u>191</u>	<u>1,022</u>	<u>785</u>
CURRENT ASSETS				
Inventory	4,441	5,775	4,047	8,128
Trade receivable		27,788	2,365	6,016
Bill receivable				4,869
Prepayment, deposit and other receivable	286	104	282	
Other current asset		171	1,106	2,500
Retained bank balance and hot fund deposit		30,000	25,000	
Cash and cash equivalent	5,313	5,315	2,293	47,529
Deferred government income	22,866	250	22,165	1,994
Total current assets	<u>32,906</u>	<u>69,403</u>	<u>57,258</u>	<u>71,036</u>
CURRENT LIABILITIES				
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 government income	18	15,835	17,913	14,197
Total current liabilities	<u>25,514</u>	<u>54,566</u>	<u>44,503</u>	<u>52,773</u>
NET CURRENT ASSETS	<u>7,392</u>	<u>14,837</u>	<u>12,755</u>	<u>18,263</u>
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS	<u>7,529</u>	<u>15,028</u>	<u>13,777</u>	<u>19,048</u>
EQUITY				
Paid-up capital	5,000	5,000	5,000	5,000
Reserve	2,529	10,028	8,777	14,048
Total equity	<u>7,529</u>	<u>15,028</u>	<u>13,777</u>	<u>19,048</u>

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 15 April 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 ()	
		2017	2018	2018	2019
		MB'000	MB'000	MB'000	MB'000
		()	()	()	()
CASH FLOWS FROM OPERATING ACTIVITIES					
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 fixed assets, land and investment	10	34	675	21	237
Write-down/(reversal of write-down) of inventory	388	956	(1,344)		
Goodwill impairment/(reversal of impairment of goodwill)		(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 prepaid expenses, deposits and other receivable	(286)	182	(178)	7	282
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 (Increase)/decrease in deferred government income	(22,866)	22,616	(21,915)	(13,571)	20,171
Increase/(decrease) in debt government income	18	15,817	2,078	(3,729)	(1,756)
Cash generated from/(used in) operations	1,154	32,675	17,858	(6,450)	34,381
Income tax paid	(703)	(2,658)	(5,038)	(1,764)	(3,474)
Net cash flows generated from/(used in) operating activities	451	30,017	12,820	(8,214)	30,907

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 15 April 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 ()
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	9	73	664	181		166
Purchase of property, plant and equipment	(147)	(88)	(1,506)	(20)		
(Decrease)/increase in net fixed assets and non-current assets		(30,000)	5,000	5,000		25,000
Net cash flows (used in)/ generated from investing activities	(138)	(30,015)	4,158	5,161		25,166
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividend paid			(20,000)			(10,837)
Capital injection	5,000					
Net cash flows generated from/(used in) financing activities	5,000		(20,000)			(10,837)
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
Cash and cash equivalents as stated in the statement of financial position and cash flows	5,313	5,315	2,293	2,262		47,529

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
	()	()	()	()	()
REVENUE	671,060	631,387	603,315	298,064	246,509
Cost of sale	(531,239)	(550,875)	(517,674)	(257,903)	(211,358)
Gross profit	139,821	80,512	85,641	40,161	35,151
Quarry 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 expenses	(41,624)	(23,403)	(25,068)	(12,361)	(20,913)
Quarry expenses	(507)	(164)	(347)	(308)	(31)
Finance cost	(100)		(539)		(113)
PROFIT BEFORE INCOME TAX	40,395	53,317	54,768	24,472	12,382
Income tax	(6,299)	(8,877)	(13,889)	(6,398)	(1,925)
PROFIT FOR THE YEAR/PERIOD	34,096	44,440	40,879	18,074	10,457
OTHER COMPREHENSIVE INCOME					
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	34,096	44,440	40,879	18,074	10,457

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

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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> ()
At 31 December 2015 and 1 January 2016	15,000	9,161	81,282	105,443
Profit attributable to equity holders of the company			34,096	34,096
Dividend paid			(60,000)	(60,000)
At 31 December 2016 and 1 January 2017	15,000	9,161	55,378	79,539
Profit attributable to equity holders of the company			44,440	44,440
At 31 December 2017 and 1 January 2018	15,000	9,161	99,818	123,979
Profit attributable to equity holders of the company			40,879	40,879
At 31 December 2018 and 1 January 2019	15,000	9,161	140,697	164,858
Profit attributable to equity holders of the company			10,457	10,457
At 30 June 2019	<u>15,000</u>	<u>9,161</u>	<u>151,154</u>	<u>175,315</u>
At 1 January 2018	15,000	9,161	99,818	123,979
Profit attributable to equity holders of the company			18,074	18,074
At 30 June 2018	<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	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	()	()	()	()	()
CASH FLOWS FROM					
OPERATING ACTIVITIES					
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 item of property, plant and equipment	31	17	297	258	13
Depreciation of item of property, plant and equipment	933	1,139	1,322	198	993
Amortization of intangible asset	38	45	52	27	30
Write-off of item of property, plant and equipment	43				
Implementation of trade receivable		192			7,827
Gain on sale of investment property		(2)	(123)	(18)	
	41,085	54,303	56,639	24,764	21,358
Decrease/(increase) in inventory	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 asset			(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 deferred government income	(116,764)	24,480	(308,901)	(246,131)	(15,072)
Increase in deferred government income			223,498	208,626	65,462
Change caused from/(in) operation	8,506	37,020	(11,064)	(12,141)	27,068
Income tax paid	(19,627)	(6,537)	(12,281)	(4,404)	(7,450)
Net cash flows (used in)/ generated from operating activities	(11,121)	30,483	(23,345)	(16,545)	19,618

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	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	()	()	()	()	()
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	455	405	216	173	
Proceed from disposal of item of fixed asset, intangible asset			60	427	83
Purchase of item of fixed asset, intangible asset	(574)	(2,704)	(1,294)	(253)	(110)
Addition to other intangible asset	(441)	(16)	(36)		
Net cash flows (used in)/generated from investing activities	(560)	(2,315)	(1,054)	347	(27)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to shareholders	(60,000)				
Settlement of interest-bearing loan and borrowing	(50,000)				
Interest paid	(100)		(539)		
Lease payment					(488)
Net cash flows used in financing activities	(110,100)		(539)		(488)
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
Cash and cash equivalents as stated in the statement of financial position and cash flows	2,162	30,330	5,392	14,132	24,495

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 MB'000 ()	Year ended 31 December 2017 MB'000 ()		Six months ended 30 June 2018 MB'000 ()		2019 MB'000 ()
REVENUE	179,063	627,381	684,302	330,407	290,061	
Cost of sale	(152,763)	(536,365)	(580,982)	(279,207)	(245,658)	
Gross profit	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)	
PROFIT BEFORE INCOME TAX	25,035	89,939	103,252	51,172	44,365	
Income tax	(6,259)	(22,484)	(25,127)	(12,129)	(10,700)	
PROFIT FOR THE PERIOD/YEAR	18,776	67,455	78,125	39,043	33,665	
OTHER COMPREHENSIVE INCOME						
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	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
	()	()	()	()
NON-CURRENT ASSETS				
Property, plant and equipment	4	3	2	2
Intangible assets	8	7	5	4
Total non-current assets	12	10	7	6
CURRENT ASSETS				
Trade receivable	32,561			
Prepayments, deposits and other receivable			5	
Cash and cash equivalents	32	189	152	118
Due from group companies	5,000	120,938	614,350	627,592
Total current assets	37,593	121,127	614,507	627,710
CURRENT LIABILITIES				
Trade and bill payable		4		
Other payable and accounts payable	2,004	2,902	2,552	762
Income tax payable	975	5,544	8,783	8,032
Due to group companies	10,850	21,456	433,823	415,901
Total current liabilities	13,829	29,906	445,158	424,695
NET CURRENT ASSETS	23,764	91,221	169,349	203,015
Net assets	23,776	91,231	169,356	203,021
EQUITY				
Paid-up capital	5,000	5,000	5,000	5,000
Reserves	18,776	86,231	164,356	198,021
Total equity	23,776	91,231	169,356	203,021

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

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

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 20 December 2016 (date of incorporation to 31 December 2016 <i>MB'000</i> ()	Year ended 31 December 2017 <i>MB'000</i> ()		Six months ended 30 June 2018 <i>MB'000</i> ()		2019 <i>MB'000</i> ()
REVENUE		2,154,931	2,246,537	1,056,266		969,262
Cost of sale		(1,969,874)	(2,005,968)	(964,195)		(887,020)
Gross profit		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 expenses		(36,375)	(48,593)	(31,788)		(14,505)
Quasi expenses		(12)	(219)	(32)		16
Finance cost			(21,286)	(19,644)		(3,084)
(LOSS)/PROFIT BEFORE INCOME TAX		(37,703)	(8,596)	(61,886)		3,114
Income tax		130	690	791		(1,570)
(LOSS)/PROFIT FOR THE PERIOD/YEAR		(37,573)	(7,906)	(61,095)		1,544

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 2016 <i>MB'000</i> ()	Year ended 31 December 2017 <i>MB'000</i> ()		Six months ended 30 June 2018 <i>MB'000</i> ()	
		2018 <i>MB'000</i> ()		2018 <i>MB'000</i> ()	2019 <i>MB'000</i> ()
(LOSS)/PROFIT FOR THE PERIOD/YEAR		(37,573)	(7,906)	(61,095)	1,544
OTHER COMPREHENSIVE INCOME					
Item that will be reclassified to profit or loss:					
Fair value change of financial assets at fair value through other comprehensive income, net of tax					812
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		(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
NON-CURRENT ASSETS				
Property, plant and equipment		1,659	86	693
Intangible assets			48	1,523
Financial assets				1,312
Right-of-use assets				647
Deferred tax assets		130	6,469	6,202
Total non-current assets		1,789	6,603	10,377
CURRENT ASSETS				
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
Inventory			327	327
Other current assets		19,317	1,184	193
Restricted bank balance and cash at hand		85,000	82,165	71,848
Other cash and cash equivalents		277,780	250,339	111,145
Deferred tax liabilities		574,602	1,737,792	2,433,183
Total current assets		1,334,185	2,716,892	3,247,738
CURRENT LIABILITIES				
Trade and bill payable		2,225	350,750	374,418
Other payable and accrual		200,220	186,920	166,117
Interest-bearing loan and borrowings			303,903	199,416
Lease liabilities				325
Deferred tax liabilities		1,171,102	1,933,073	2,566,284
Total current liabilities		1,373,547	2,774,646	3,306,560
NET CURRENT LIABILITIES		(39,362)	(57,754)	(58,822)
TOTAL ASSETS LESS CURRENT LIABILITIES		(37,573)	(51,151)	(48,445)
NON-CURRENT LIABILITIES				
Lease liabilities				350
Total non-current liabilities				350
Net liabilities		(37,573)	(51,151)	(48,795)
EQUITY				
Paid-up capital				
Reserve		(37,573)	(51,151)	(48,795)
Total equity		(37,573)	(51,151)	(48,795)

STATEMENTS OF CHANGES IN EQUITY

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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 ()	2018 MB'000 ()	Six months ended 30 June 2018 MB'000 ()	2019 MB'000 ()
CASH FLOWS FROM					
OPERATING ACTIVITIES					
(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
Amortization of intangible assets			1		15
Income/(expense) of disposal 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 prepayment, deposits and other receivable		(3,998)	(12,147)	(23,797)	4,463
(Increase)/decrease in other current assets		(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
Change arising from/(in) the disposal of		361,210	(313,855)	(242,591)	(37,893)
Income tax paid			(4,085)	(4,085)	(1,303)
Net cash flows generated from/(used in) operating activities		361,210	(317,940)	(246,676)	(39,196)

STATEMENTS OF CASH FLOWS

**Period from
20 December
2016 (date of
incorporation**

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
	()	()	()	()	()
REVENUE	441,666	562,684	521,932	289,936	206,143
Cost of sale	(346,841)	(355,950)	(352,970)	(185,897)	(134,995)
Gross profit	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)
PROFIT BEFORE INCOME TAX	72,156	183,587	143,392	95,234	63,516
Income tax	(13,238)	(28,521)	(22,932)	(17,461)	(9,213)
PROFIT FOR THE YEAR/PERIOD	58,918	155,066	120,460	77,773	54,303
OTHER COMPREHENSIVE INCOME					
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	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
NON-CURRENT ASSETS				
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
Total non-current assets	68,090	59,318	53,498	57,793
CURRENT ASSETS				
Inventory	40,245	56,480	54,215	45,750
Trade receivables			110	
Receivables, deposits and other receivables	645	940	1,303	942
Investment securities		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
Total current assets	1,350,534	1,547,743	1,268,429	1,304,581
CURRENT LIABILITIES				
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 loans and borrowings			69,291	69,291
Guaranteed	500	500	500	471
Investment payable	3,123		1,119	3,083
Lease liabilities				1,008
Deferred income	16,092	15,771	539,963	500,662
Total current liabilities	107,207	141,078	735,984	720,562
NET CURRENT ASSETS	1,243,327	1,406,665	532,445	584,019
TOTAL ASSETS LESS CURRENT LIABILITIES	1,311,417	1,465,983	585,943	641,812
NON-CURRENT LIABILITIES				
Guaranteed	1,221	721	221	
Lease liabilities				1,787
Total non-current liabilities	1,221	721	221	1,787
Net assets	1,310,196	1,465,262	585,722	640,025
EQUITY				
Paid-up capital	30,401	30,401	30,401	30,401
Reserves	1,279,795	1,434,861	555,321	609,624
Total equity	1,310,196	1,465,262	585,722	640,025

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 MB'000 ()	Statutory reserve MB'000 ()	Retained profits MB'000 ()	Total MB'000 ()
At 1 January 2016	30,401	15,201	1,205,676	1,251,278
Profit and loss comprehensive income for the year			58,918	58,918
At 31 December 2016 and 1 January 2017	30,401	15,201	1,264,594	1,310,196
Profit and loss comprehensive income for the year			155,066	155,066
At 31 December 2017 and 1 January 2018	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)
At 31 December 2018 and 1 January 2019	30,401	15,201	540,120	585,722
Profit and loss comprehensive income for the period			54,303	54,303
At 30 June 2019	<u>30,401</u>	<u>15,201</u>	<u>594,423</u>	<u>640,025</u>
At 1 January 2018	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)
At 30 June 2018	<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	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	()	()	()	()	()
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Profit before tax	72,156	183,587	143,392	95,234	63,516
Adjustment for:					
Interest income	(833)	(109)	(586)	(81)	(23)
Finance cost	1,335		1,209		95
Write off of goodwill, latent assets and intangible assets		(609)			
Amortisation of goodwill			1	1	
Loss on disposal of goodwill, latent assets and intangible assets	2,856	113	204	54	
Decrease of goodwill, latent assets and intangible assets	16,696	13,153	11,638	5,865	5,936
Increase of goodwill, latent assets and intangible assets	4,387	91			
Realisation of impairment of trade receivable		(529)			
Impairment/(realisation of impairment) of receivable, deposits and other receivable		51	(700)		135
(Realisation of share-do) / share-do of investee	(2,648)	(4,565)	(1,708)	(2,413)	2,015
Government grant related to retirement of staffs	(6,991)	(3,832)	(3,997)	(1,772)	(250)
	86,958	187,351	149,453	96,888	71,424
Decrease/(increase) in investee	35,930	(11,670)	3,973	(5,169)	6,450
Decrease/(increase) in trade receivable	350	529	(110)	(21)	110
Decrease/(increase) in receivable, deposits and other receivable	5,864	(346)	337	(3,424)	226
(Increase)/decrease in other current 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 other payable and accrual	1,790	10,141	33,657	26,725	4,266
Receipt of government grant	6,491	3,332	3,497	1,520	
(Increase)/decrease in deferred income	(85,286)	(132,345)	224,868	(138,026)	(38,711)
(Decrease)/increase in deferred income	(2,897)	(321)	92,192	668	(39,301)
Cash generated from/(used in) operations	54,572	80,961	477,396	(11,373)	21,126
Interest paid	(4,918)	(41,856)	(10,104)	(17,972)	(7,366)
Net cash flows generated from/(used in) operating activities	49,654	39,105	467,292	(29,345)	13,760

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	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	()	()	()	()	()
CASH FLOWS FROM INVESTING ACTIVITIES					
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)
Net cash flows used in investing activities	(8,621)	(4,770)	(6,031)	(5,794)	(7,391)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid			(568,000)		
New bank loan			69,291		
Repayment of bank loan	(101,969)				
Interest paid	(1,335)		(1,209)		
Net cash flows used in financing activities	(103,304)		(499,918)		
Net (decrease)/increase in cash and cash equivalents	(62,271)	34,335	(38,657)	(35,139)	6,369
Cash and cash equivalents at beginning of period	72,225	9,954	44,289	44,289	5,632
Cash and cash equivalents as stated in the statement of financial position and cash flows	9,954	44,289	5,632	9,150	12,001

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> ()
REVENUE	40,508	27,871
Cost of sale	(25,274)	(18,525)
Gross profit	15,234	9,346
Quasi income and gain	42	402
Selling and distribution cost	(2,972)	(1,239)
Administrative expenses	(451)	(1,834)
PROFIT BEFORE INCOME TAX	11,853	6,675
Income tax	(2,963)	(1,642)
PROFIT FOR THE PERIOD	8,890	5,033
OTHER COMPREHENSIVE INCOME		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>8,890</u>	<u>5,033</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 ()
CURRENT ASSETS		
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 item deposit	39,000	
Cash and cash equivalent	2,886	3,618
Deferred income	8	31,096
Total current assets	<u>44,494</u>	<u>41,237</u>
CURRENT LIABILITIES		
Trade and bill payable	15,270	4,866
Other payable and accrual	13,656	10,548
Income tax payable	2,963	2,109
Deferred income	715	18,210
Total current liabilities	<u>32,604</u>	<u>35,733</u>
NET CURRENT ASSETS, TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS	<u><u>11,890</u></u>	<u><u>5,504</u></u>
EQUITY		
Paid-up capital	3,000	3,000
Reserve	8,890	2,504
Total equity	<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>
	()	()	()
At 3 July 2018 (date of incorporation)			
Capital injected	3,000		3,000
Profit attributable to the equity holders of the Company		8,890	8,890
At 31 December 2018 and 1 January 2019	3,000	8,890	11,890
Profit attributable to the equity holders of the Company		5,033	5,033
Dividend declared		(11,419)	(11,419)
At 30 June 2019	<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 ()
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	11,853	6,675
Adjusted for:		
Interest income	(32)	
	11,821	6,675
Increase in receivables	(966)	(772)
Increase in trade and bill receivable	(1,629)	(3,098)
Increase in prepayment, deposit and other receivable	(5)	(5)
Increase in other receivable		(48)
Increase/(decrease) in trade payable	15,270	(10,404)
Increase/(decrease) in other payable and accrual	13,656	(3,108)
Increase in amount due from group companies	(8)	(31,088)
Increase in amount due to group companies	715	17,495
	38,854	(24,353)
Cash generated from/(used in) operating activities		(2,496)
Net cash flows generated from/(used in) operating activities	38,854	(26,849)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	32	
(Increase)/decrease in restricted bank balance and other non-current deposit	(39,000)	39,000
	(38,968)	39,000
Net cash flow (used in)/generated from investing activities	(38,968)	39,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital injection	3,000	
Dividend paid		(11,419)
Net cash flows generated from/(used in) financing activities	3,000	(11,419)
	2,886	732
Net increase in cash and cash equivalents		2,886
Cash and cash equivalents as stated in the statement of financial position and cash flows	2,886	3,618

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 <i>MB'000</i> ()	Period from 15 June 2018 (date of incorporation) to 30 June 2018 <i>MB'000</i> ()	Six months ended 30 June 2019 <i>MB'000</i> ()
REVENUE	3,000		36,856
Cost of sale	(2,649)		(36,599)
Gross profit	351		257
Quasi income and gain			49
Selling and distribution cost	(5)		(131)
Administrative expenses	(1,473)	(175)	(1,644)
Quasi expenses			(1)
Finance cost			(21)
LOSS BEFORE INCOME TAX	(1,127)	(175)	(1,491)
Income tax			
LOSS FOR THE PERIOD	(1,127)	(175)	(1,491)
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<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 ()
NON-CURRENT ASSETS		
Property, plant and equipment	444	413
Intangible assets		2
Right-of-use assets		539
Total non-current assets	444	954
CURRENT ASSETS		
Inventory	2,573	653
Prepayments, deposits and receivables	386	218
Contract assets		753
Contract liabilities	484	7,171
Deferred income		445
Total current assets	3,443	9,240
CURRENT LIABILITIES		
Trade and bills payable	2,242	4,349
Contract liabilities	1,972	827
Lease liabilities		548
Deferred income		1,088
Total current liabilities	4,214	6,812
NET CURRENT (LIABILITIES)/ASSETS	(771)	2,428
TOTAL ASSETS LESS CURRENT LIABILITIES	(327)	3,382
Net (liabilities)/assets	(327)	3,382
EQUITY		
Paid-up capital	800	6,000
Reserves	(1,127)	(2,618)
Total equity	(327)	3,382

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 MB'000	Accumulated losses MB'000	Total MB'000
	()	()	()
At 15 June 2018 (date of incorporation)			
Lo a d t q al com s e h e i e i come f a t h e a i o d		(1,127)	(1,127)
Ca i t a l i j e q i o	800		800
At 31 December 2018 and 1 January 2019	800	(1,127)	(327)
Lo a d t q al com s e h e i e i come f a t h e a i o d		(1,491)	(1,491)
Ca i t a l i j e q i o	5,200		5,200
At 30 June 2019	<u>6,000</u>	<u>(2,618)</u>	<u>3,382</u>
At 15 June 2018 (date of incorporation)			
Lo a d t q al com s e h e i e i come f a t h e a i o d		(175)	(175)
Ca i t a l i j e q i o	100		100
At 30 June 2018	<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 ()
CASH FLOWS FROM OPERATING ACTIVITIES			
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 interest	(2,573)		1,920
(Increase)/decrease in prepayment and other receivable	(386)	(205)	168
Increase in other receivable			(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
Cash generated from operations and net cash flows generated from operating activities	135	936	1,877

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 ()
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of item of fixed, intangible and other assets	(451)	(46)	(52)
Addition of other intangible assets			(2)
Net cash flows used in investing activities	(451)	(46)	(54)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection	800	100	5,200
Loan advance			(336)
Net cash flows generated from financing activities	800	100	4,864
Net increase in cash and cash equivalents	484	990	6,687
Cash and cash equivalents at beginning of period			484
Cash and cash equivalents as stated in the statement of financial position and cash flows	484	990	7,171

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 <i>MB'000</i> ()	For the year ended 31 December 2018 <i>MB'000</i> ()	Six months ended 30 June 2018 <i>MB'000</i> ()	2019 <i>MB'000</i> ()
REVENUE				
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)
(LOSS)/PROFIT BEFORE INCOME TAX	(133)	1,192	(459)	5,244
I n c o m e t a x		(298)		(1,744)
(LOSS)/PROFIT FOR THE PERIOD/YEAR	(133)	894	(459)	3,500
OTHER COMPREHENSIVE INCOME				
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	(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
	()	()	()
NON-CURRENT ASSETS			
Property, plant and equipment		5,617	5,207
Right-of-use asset			38,434
Total non-current assets		5,617	43,641
CURRENT ASSETS			
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
Due from group companies	5,352	46,594	36,015
Total current asset	15,275	65,704	54,773
CURRENT LIABILITIES			
Other payable and accrual	13,408	51,648	29,952
Lease liability			18,236
Income tax payable		298	1,739
Due to group companies		8,614	14,720
Total current liabilities	13,408	60,560	64,647
NET CURRENT ASSETS/(LIABILITIES)	1,867	5,144	(9,874)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,867	10,761	33,767
NON-CURRENT LIABILITIES			
Lease liability			19,506
Total non-current liabilities			19,506
Net assets	1,867	10,761	14,261
EQUITY			
Paid-up capital	2,000	10,000	10,000
Reserve	(133)	761	4,261
Total equity	1,867	10,761	14,261

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

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 ()
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before income tax	(133)	1,192	(459)	5,244
Adjustment for:				
Income tax		(44)	(6)	(67)
Finance cost				1,190
Depreciation of item of property, plant and equipment		386	22	8,736
Government grant selected to tax expense of profit		(119)	(119)	
	(133)	1,415	(562)	15,103
Increase in bill receivable			(758)	(154)
(Increase)/decrease in prepayment, deposit and other receivable	(7,923)	(3,965)	(17,210)	3,529
(Increase)/decrease in other current asset		(457)	(22)	457
Increase/(decrease) in other payable and accrual	13,408	38,240	27,065	(21,696)
Receipt of government grant		119	119	
(Increase)/decrease in amount due from govt company	(5,352)	(41,242)	(12,955)	10,579
Increase in amount due to govt company		8,614	6,455	6,106
Change arising from operation		2,724	2,132	13,924
Income tax paid			22	(303)
Net cash flows generated from operating activities		2,724	2,154	13,621

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 <i>MB'000</i> ()	Year ended 31 December 2018 <i>MB'000</i> ()	Six months ended 30 June 2018 <i>MB'000</i> ()	2019 <i>MB'000</i> ()
CASH FLOWS FROM INVESTING				
ACTIVITIES				
Interest received		44	6	67
Repayment for and purchase of item of equipment, land and investment		(6,003)	(624)	(181)
Net cash flows used in investing activities		(5,959)	(618)	(114)
CASH FLOWS FROM FINANCING				
ACTIVITIES				
Capital injection	2,000	8,000		
Lease payment				(7,603)
Net cash flows generated from/(used in) financing activities	2,000	8,000		(7,603)
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
Cash and cash equivalents as stated in the statement of financial position and cash flows	2,000	6,765	3,536	12,669

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		Six months ended 30 June	
		2017 <i>MB'000</i> ()	2018 <i>MB'000</i> ()	2018 <i>MB'000</i> ()	2019 <i>MB'000</i> ()
REVENUE					
Administrative fee		(4)	(3)	(3)	(1)
LOSS BEFORE INCOME TAX		(4)	(3)	(3)	(1)
Income tax					
LOSS FOR THE PERIOD/ YEAR		(4)	(3)	(3)	(1)
OTHER COMPREHENSIVE INCOME					
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		(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
	()	()	()	()
NON-CURRENT ASSET				
Intangible assets	100	100	100	100
Total non-current asset	100	100	100	100
CURRENT ASSETS				
Receivable, deposits and other receivable	1			
Cash and cash equivalents	4	11	8	7
Total current assets	5	11	8	7
CURRENT LIABILITIES				
Accounts payable and other liabilities	105	115	115	115
Total current liabilities	105	115	115	115
NET CURRENT LIABILITIES	(100)	(104)	(107)	(108)
TOTAL ASSETS LESS				
CURRENT LIABILITIES		(4)	(7)	(8)
Net liabilities		(4)	(7)	(8)
EQUITY				
Paid-up capital				
Reserve		(4)	(7)	(8)
Total equity		(4)	(7)	(8)

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> ()
At 21 January 2016 (date of incorporation),			
31 December 2016 and 1 January 2017			
Lo a d t q al com s e h e i e i come f o t h e e a		(4)	(4)
At 31 December 2017 and 1 January 2018		(4)	(4)
Lo a d t q al com s e h e i e i come f o t h e e a		(3)	(3)
At 31 December 2018 and 1 January 2019		(7)	(7)
Lo a d t q al com s e h e i e i come f o t h e a i o d		(1)	(1)
At 30 June 2019		(8)	(8)
At 1 January 2018		(4)	(4)
Lo a d t q al com s e h e i e i come f o t h e a i o d		(3)	(3)
At 30 June 2018		(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 2016 MB'000 ()	Year ended 31 December 2017 MB'000 ()	2018 MB'000 ()	Six months ended 30 June 2018 MB'000 ()	2019 MB'000 ()
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax		(4)	(3)	(3)	(1)
(Income tax expense)/decrease in income tax payable, decrease in tax receivable	(1)	1			
Income tax receivable and accounts receivable	5	10			
Net cash flows generated from/(used in) operating activities	4	7	(3)	(3)	(1)
Net income/(decrease) in cash and cash equivalents	4	7	(3)	(3)	(1)
Cash and cash equivalents at beginning of period/ end		4	11	11	8
Cash and cash equivalents as stated in the statement of financial position and cash flows	4	11	8	8	7

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
	()	()	()	()	()
REVENUE					
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 n g a i g e e e					(1)
(LOSS)/PROFIT BEFORE					
INCOME TAX	(42)	33,384	28,603	(26)	(1)
I n c o m e t a			(12,264)		
(LOSS)/PROFIT FOR THE					
YEAR/PERIOD	(42)	33,384	16,339	(26)	(1)
OTHER COMPREHENSIVE					
INCOME					
TOTAL COMPREHENSIVE					
INCOME FOR THE					
YEAR/PERIOD	(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
NON-CURRENT ASSET				
Intangible assets	33,375	33,375	213,458	213,458
Total non-current asset	33,375	33,375	213,458	213,458
CURRENT ASSETS				
Prepayments, deposits and other receivable	5	15	16	15
Cash and cash equivalents	63	42	13	13
Due from group companies			62,004	62,004
Total current assets	68	57	62,033	62,032
CURRENT LIABILITIES				
Other payable and accruals	33,397	2		
Income tax payable			12,264	12,264
Due to group companies			213,458	213,458
Total current liabilities	33,397	2	225,722	225,722
NET CURRENT				
(LIABILITIES)/ASSETS	(33,329)	55	(163,689)	(163,690)
TOTAL ASSETS LESS				
CURRENT LIABILITIES	46	33,430	49,769	49,768
Net assets	46	33,430	49,769	49,768
EQUITY				
Paid-up capital	100	100	100	100
Reserves	(54)	33,330	49,669	49,668
Total equity	46	33,430	49,769	49,768

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

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
	()	()	()	()	()
REVENUE					
Administrative fee			(90)		(46)
Share of result of associate			67	1,064	3,480
Share of result of joint venture			(49,332)		(3,965)
(LOSS)/PROFIT BEFORE					
INCOME TAX			(49,355)	1,064	(531)
Income tax					
(LOSS)/PROFIT FOR THE					
YEAR/PERIOD			(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
	()	()	()	()	()
(LOSS)/PROFIT FOR THE YEAR/PERIOD			(49,355)	1,064	(531)
OTHER COMPREHENSIVE INCOME					
Reclassification of items to profit or loss:					
Financial changes of financial assets and liabilities at fair value through other comprehensive income, net of tax			3,661		956
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD			(45,694)	1,064	425

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
NON-CURRENT ASSETS				
Property, plant and equipment			180	134
Intangible assets			113,645	113,645
Investment in associates			62,590	66,070
Investment in joint venture			50,668	48,703
Long-term interest in equity of financial institutions			6,882	8,426
Total non-current assets			233,965	236,978
CURRENT ASSETS				
Due from group companies				2,000
Total current assets				2,000
CURRENT LIABILITIES				
Due to group companies			183,413	187,413
Total current liabilities			183,413	187,413
NET CURRENT LIABILITIES			(183,413)	(185,413)
TOTAL ASSETS LESS CURRENT LIABILITIES			50,552	51,565
NON-CURRENT LIABILITY				
Deferred tax liability			1,221	1,809
Total non-current liability			1,221	1,809
Net assets			49,331	49,756
EQUITY				
Paid-up capital			49,331	49,756
Reserve				
Total equity			49,331	49,756

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
	()	()	()	()	()
At 1 January 2016, 31 December 2016 and 2017 and 1 January 2018					
Loss for the year				(49,355)	(49,355)
Other comprehensive income:					
Financial change of fair value of financial assets and liabilities at fair value through other comprehensive income, net of tax		3,661			3,661
Total comprehensive income for the year		3,661		(49,355)	(45,694)
Goodwill arising		95,025			95,025
Transfer to retained earnings			1,749	(1,749)	
At 31 December 2018 and 1 January 2019		98,686	1,749	(51,104)	49,331
Loss for the period				(531)	(531)
Other comprehensive income:					
Financial change of fair value of financial assets and liabilities at fair value through other comprehensive income, net of tax		956			956
Total comprehensive income for the period		956		(531)	425
At 30 June 2019		99,642	1,749	(51,635)	49,756
At 1 January 2018					
Profit attributable to owners of the period				1,064	1,064
Goodwill arising		95,025			95,025
At 30 June 2018		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	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	()	()	()	()	()
CASH FLOWS FROM					
OPERATING ACTIVITIES					
(Loss)/profit before income tax			(49,355)	1,064	(531)
Adjustment for:					
Depreciation of property, plant and equipment			90		46
Share of profit of associate			(67)	(1,064)	(3,480)
Share of profit of joint venture			49,332		3,965
Interest income from bank					(2,000)
Interest income from bank			17,270	17,270	2,000
Net cash flows generated from operating activities			17,270	17,270	
CASH FLOWS FROM					
INVESTING ACTIVITY					
Purchase of property, plant and equipment			(270)	(270)	
Interest income from bank			(17,000)	(17,000)	
Net cash flows used in investing activity			(17,270)	(17,270)	
Net change in cash and cash equivalents					
Cash and cash equivalents at beginning of period					
Cash and cash equivalents as stated in the statement of financial position and cash flows					

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
	()	()	()	()	()
REVENUE	514,885	893,178	1,244,172	566,872	484,949
Cost of sale	(320,335)	(509,167)	(735,568)	(336,802)	(277,732)
Gross profit	194,550	384,011	508,604	230,070	207,217
Quasi income 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)
Quasi income and gain, net	(599)	(2,932)	(310)	(248)	(82)
Finance cost		(294)	(566)	(445)	(316)
Share of result of associate		896	(436)	(436)	
PROFIT BEFORE INCOME TAX	65,228	153,468	190,449	71,901	55,346
Income tax	(16,502)	(42,295)	(50,084)	(19,998)	(12,894)
PROFIT FOR THE YEAR/PERIOD	<u>48,726</u>	<u>111,173</u>	<u>140,365</u>	<u>51,903</u>	<u>42,452</u>
Attributable to:					
Owners of the parent	42,351	95,002	121,573	48,145	35,978
Non-controlling interest	<u>6,375</u>	<u>16,171</u>	<u>18,792</u>	<u>3,758</u>	<u>6,474</u>
	<u>48,726</u>	<u>111,173</u>	<u>140,365</u>	<u>51,903</u>	<u>42,452</u>

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
	()	()	()	()	()
PROFIT FOR THE YEAR/					
PERIOD	48,726	111,173	140,365	51,903	42,452
OTHER COMPREHENSIVE					
INCOME					
Items that may be reclassified					
to or from profit or loss:					
Exchange difference on					
translation of foreign					
operations	(222)	208	687	(33)	(92)
	(222)	208	687	(33)	(92)
TOTAL COMPREHENSIVE					
INCOME FOR THE					
YEAR/PERIOD	48,504	111,381	141,052	51,870	42,360
Attributable to:					
Owners 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
	48,504	111,381	141,052	51,870	42,360

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
NON-CURRENT ASSETS				
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
Total non-current assets	2,909	8,928	11,857	18,602
CURRENT ASSETS				
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
Derivatives from commodity			22,623	15,777
Total current assets	274,670	419,441	571,397	617,462
CURRENT LIABILITIES				
Trade and bill payable	140,126	162,041	179,761	187,873
Quarantineable and accounts 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
Derivatives from commodity			54,192	57,275
Total current liabilities	228,029	275,077	315,410	318,359
NET CURRENT ASSETS	46,641	144,364	255,987	299,103
TOTAL ASSETS LESS CURRENT LIABILITIES	49,550	153,292	267,844	317,705
NON-CURRENT LIABILITIES				
Lease liability				7,501
Total non-current liabilities				7,501
Net assets	49,550	153,292	267,844	310,204
EQUITY				
Equity attributable to owners of the parent				
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
Total equity	49,550	153,292	267,844	310,204

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							
	Share	Statutory	Other	Foreign	(Accumulated		Non-	Total
	capital	reserve	reserve	exchange	losses)/	Total	controlling	Total
	MB'000	MB'000	MB'000	reserve	retained	MB'000	interests	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
Share repurchase							4,361	4,361
Dividend paid 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					Non-controlling interests		Total
	Share capital	Statutory reserve	Other reserve	Foreign exchange reserve	(Accumulated losses)/ retained profits	Total	Non-controlling interests	Total
	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000
	()	()	()	()	()	()	()	()
Acquisition of additional interests in subsidiaries			(22,689)			(22,689)	(2,311)	(25,000)
Transfer from retained profits		(910)				(910)	910	
Capital contribution from non-controlling interests							(1,500)	(1,500)
At 31 December 2018 and 1 January 2019	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
At 30 June 2019	<u>447</u>	<u>5,154</u>	<u>(22,689)</u>	<u>581</u>	<u>288,839</u>	<u>272,332</u>	<u>37,872</u>	<u>310,204</u>
At 1 January 2018	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 interests							(1,500)	(1,500)
At 30 June 2018	<u>447</u>	<u>6,064</u>	<u></u>	<u>(47)</u>	<u>179,433</u>	<u>185,897</u>	<u>17,765</u>	<u>203,662</u>

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	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	()	()	()	()	()
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Profit before income tax	65,228	153,468	190,449	71,901	55,346
Adjustment for:					
Interest income	(318)	(2,410)	(1,016)	(587)	(464)
Finance cost		294	566	445	316
Loss on disposal of item of property, plant and equipment			151		19
Decrease of item of property, plant and equipment	54	513	1,978	556	2,070
Amortization of intangible asset	61	305	360	3	215
Share of result of associate		(896)	436	436	
Gain on disposal of associate			(140)	(140)	
Write-off of uncollectible			1,677	1,349	
Impairment/reversal of impairment of debt and uncollectible		33	(5)	(5)	
Write-down/reversal of write-down of investment		2,359	2,707	506	(917)
	65,025	153,666	197,163	74,464	56,585
(Increase)/decrease in receivables	(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 prepayment, debt and uncollectible	(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 payable and accounts payable	81,044	(22,637)	(8,053)	74,468	(9,370)
(Increase)/decrease in amount due from goods			(22,623)		6,846
Increase in amount due to goods			54,192		3,083
	152,453	24,377	59,083	58,891	90,128
Change arising from operating income tax paid	(9,644)	(26,341)	(52,602)	(11,491)	(12,702)
Net cash flows generated from/(used in) operating activities	142,809	(1,964)	6,481	47,400	77,426

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	2017	2018	2018	2019
	MB'000	MB'000	MB'000	MB'000	MB'000
	()	()	()	()	()
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	318	2,410	414	313	464
Repayment for acquisition of items of fixed, intangible and investment	(1,607)	(672)	(8,335)	(5,504)	(383)
Additions to tangible and intangible assets	(1,417)	(1,151)	(479)		(22)
Net cash flow for acquisition of subsidiaries		267			
Interest income		(2,500)			
Loan fee paid	(15,000)	(53,000)			
Proceed from disposal of subsidiaries			2,500	2,500	
Dividends received from subsidiaries			600	600	
Acquisition of additional investment in subsidiaries			(25,000)		
Net cash flows (used in)/ generated from investing activities	(17,706)	(54,646)	(30,300)	(2,091)	59
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital contribution from non-controlling shareholders	600				
Proceed from/repayment of borrowings		19,900	(21,008)	(21,008)	
Interest paid		(239)	(566)	(445)	(8)
Dividend paid to non-controlling shareholders		(5,000)	(1,500)	(1,500)	
Lease payment					(363)
Net cash flows generated from/(used in) financing activities	600	14,661	(23,074)	(22,953)	(371)
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
Cash and cash equivalents as stated in the consolidated statement of financial position and cash flows	125,703	83,754	36,861	106,110	113,975

The opening and closing balances are recorded by Zhonghai NVC Liaojia Techology Company Limited in its consolidated financial statements on 1 February 2018 and up to 30 June 2019.

NOTES TO THE UNAUDITED FINANCIAL INFORMATION OF THE DISPOSAL ENTITIES

1. GENERAL

Part 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 Re. Ltd. (Holdco) (a company which owns 100% of the share capital of the Company), Billiat Lighting Investment Re. Ltd. (the Purchaser) and Lighting Holding II Re. Ltd. (Lighting Holding II) (a company which owns 100% of the share capital of Holdco), the Company and LED Holding have concluded all agreed to do or of, and the Purchaser has concluded all agreed to acquire the 100% equity interest in the Target Company at the consideration of the Cash Consideration and Share Consideration.

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 separately 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 recognised 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 it is in compliance with the requirements of the 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 basis, 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 complete financial statements as defined in IAS 34 Interim Financial Reporting issued by the IASB and should be read in conjunction with the published annual accounts of the Company for the year ended 31 December 2016, 2017 and 2018 and the published interim accounts of the Company for the period 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 set out of 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 it listed on the Stock Exchange in 2010 and has been growing from its initial development of the international market. There are a large proportion of its major income from the International Business accounted for over 70% and 75% of total Remaining Group's revenue and gross profit margin, respectively, during the Track Record Period. With the increase in the global market share of LED lighting products and the rise of overseas emerging markets, overseas markets have 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 international channel in North America. The profit/loss (loss) of the Remaining Group attributable to shareholders of the Company were approximately RMB(69) million, RMB(75) million, RMB4 million and approximately RMB553 million during FY2016, FY2017, FY2018 and 1H2019, respectively.

REVENUE

Sales revenue represents the invoiced value of goods sold, after allowance for discounts and trade discounts. The total revenue of the Remaining Group was 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 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
Revenue					
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
Total	<u>1,584,866</u>	<u>1,599,688</u>	<u>1,718,733</u>	<u>800,410</u>	<u>1,085,391</u>

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

The net income of International Business for 1H2019 was approximately RMB900 million, representing a decrease of approximately 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 Reclaimed China Business for 1H2019 was approximately RMB185 million, representing a decrease of approximately 6.3% as compared with 1H2018. The decrease was mainly due to increase in margin of sale orders of LED lighting products. Under the vigorous promotion of international policies and emerging -aiguo investment, traditional lighting has been replaced by LED lighting. Therefore, the Remaining Group has controlled the proportion of LED lighting products during 1H2019.

The net income of International Business for FY2018 was approximately RMB1,276 million, representing a decrease of approximately 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 Reclaimed China Business for FY2018 was approximately RMB443 million, representing a decrease of approximately 27.7% as compared with FY2017. The decrease was mainly due to the increase in margin of sale orders for low-NVC brand LED lighting products. The upgrade from product of traditional lighting products to product 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 approximately 6.5% as compared with FY2016. The decrease was mainly due to the Remaining Group's increase in demand of a direct method of market research in low-NVC brand LED lighting products and the stable increase of sale orders from major international customers, in particular, in North America and Europe.

The net income of Reclaimed China Business for FY2017 was approximately RMB347 million, representing a decrease of approximately 15.1% as compared with FY2016. Since there was a high degree of market demand for the decline in sale of traditional lamps and products, the Remaining Group conducted a transformation of product line of China ODM Business as a upgrade from product of traditional lighting products to product of LED lighting products during FY2017, which affected product mix of China ODM Business, resulting in decrease in the margin of sale orders.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

GROSS PROFIT

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

	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	%
Gross profit										
Ita Qiao al Bie	216,652	18.4	199,315	15.9	234,873	18.4	88,396	14.1	243,700	27.1
Renaid Chia										
Bie	62,601	15.3	51,317	14.8	63,920	14.4	23,348	13.4	24,230	13.1
Total	279,253	17.6	250,632	15.7	298,793	17.4	111,744	14.0	267,930	24.7

The gross profit margin of Ita Qiao al Bie for 1H2019 was improved 27.1%, respectively a decrease by 13.0% as compared with 1H2018. The increase is mainly attributed to the gross profit generated from ETI Solid State HK which accounted by the Company in November 2018 and had gross profit margin of more than 30%.

As compared with 1H2018, the gross profit margin of the Renaid Chia Bie for 1H2019 decreased from 13.4% to 13.1%, which is maintained at a stable level.

The gross profit margin of Ita Qiao al Bie for FY2018 was improved 18.4%, respectively a decrease by 2.5% as compared with FY2017. The increase 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 Ita Qiao al Bie for FY2017 was improved 15.9%, respectively a decrease by 2.5% as compared with FY2016. The decrease is mainly attributed to the more favorable price discount offered in order to stabilize the order base of major clients at the Ita Qiao al Bie, as well as, and the exchange fluctuation during FY2017.

The gross profit margin of Renaid Chia Bie is stable and maintained in high as improved 14.4% to 15.3% during the period from FY2016 to FY2018.

OTHER INCOME AND GAINS

The other income and gains mainly consist of dividend income, rental income, gain on sale of non-material, financial gain of the derivative commodity of convertible bond, government grant, and interest income.

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

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

The other income and gains of the Remaining Group for FY2017 is approximately RMB43 million, representing a decrease of 12.6% as compared with FY2016. The increase mainly attributed to financial 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 fee, staff cost and other fee, which include office fee, customer clearance fee, transportation fee, 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 increase mainly due to the selling and distribution cost incurred 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 stable and maintained within 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 decrease in selling and distribution.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

ADMINISTRATIVE EXPENSES

The administrative expenses mainly consist of staff cost, amortization and depreciation, research and development expenses, office expenses, impairment loss on trade and other receivable and other expenses including digital expenses, audit fee, professional fee and other miscellaneous expenses.

The administrative expenses of the Remaining Group for 1H2019 was approximately RMB680 million, representing a decrease by approximately RMB621 million as compared with 1H2018. The decrease mainly became that 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 in 1H2019.

The administrative expenses of the Remaining Group for FY2018 was 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 was approximately RMB148 million, representing a decrease by approximately 9.1% as compared with FY2016. The decrease mainly due to drop of loss on impairment of certain receivable.

OTHER EXPENSES

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

The other expenses of the Remaining Group for 1H2019 was 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 termination of maturity of convertible bond during 1H2018. No loss incurred during 1H2019 as the convertible bond was fully converted into shares of the Company during FY2018.

The other expenses of the Remaining Group for FY2018 was approximately RMB554 million, representing a decrease by approximately RMB505 million as compared with FY2017. The decrease mainly became that the decrease on the impairment of certain other receivable and the provision for loss on financial guarantee contract in relation to certain litigation during FY2018.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

The change of the Remaining Group for FY2017 is as follows: RMB49 million, representing a decrease by as follows: RMB36.2% as compared with FY2016. The decrease is mainly due to decline in loss of fair value change derivative component of convertible bonds in FY2017.

FINANCE COSTS

The finance cost mainly represents interest on bank loans, lease liabilities and convertible bonds.

The finance cost of the Remaining Group for FY2016, FY2017, FY2018 and 1H2019 are as follows: 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 loans and borrowings and convertible bonds liability component during 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 as follows: RMB7 million and RMB761 million during FY2016 and 1H2019, respectively. Same for aforementioned, no gain on disposal of a subsidiary is recorded during the Track Record Period.

INCOME TAX

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

The income tax expense of the Remaining Group for 1H2019 is as follows: RMB2 million, representing a decrease by as follows: 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 is as follows: RMB232 million, representing a decrease by as follows: RMB213 million as compared with FY2017. The significant decrease is mainly due to accrual of withholding tax on the profit distributed by its subsidiary in the PRC, deferred tax related to withholding tax on estimated profit to be distributed and provision of withholding income tax expense from its intellectual property.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

The income attributable to the Remaining Group for FY2017 was approximately RMB19 million, representing a decrease of 2.2% as compared with FY2016. The slight increase in consolidated operating profit of certain entities of the Remaining Group demonstrates the profitability.

CAPITAL STRUCTURE AND MANAGEMENT

The primary goal of the Remaining Group's capital management is to maintain the stability and growth of the Remaining Group's financial position. The management of the Remaining Group regularly reviews and manages the capital structure and make corresponding adjustments, after taking into consideration changes in economic conditions, the Remaining Group's future capital requirements, the anticipated profitability and operating cash flows, projected capital expenditures and projected strategic investments.

The management of the Remaining Group manages the capital by monitoring the gearing ratio (which is calculated as debt divided by the total equity attributable to owners of the parent). Net debt is the balance of interest-bearing loans and convertible bond liability component less cash and cash equivalents and short-term deposits. The table below sets out gearing ratio of the Remaining Group as at 31 December 2016, 2017 and 2018 and 30 June 2019:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	MB'000	MB'000	MB'000	MB'000
Interest-bearing loans and borrowing and convertible bond liability				
component	488,683	446,169	416,069	20,663
Total debt	488,683	446,169	416,069	20,663
Cash and cash equivalents and short-term deposits *	1,077,801	556,957	526,291	428,552
Net debt	N/A	N/A	N/A	N/A
Total equity attributable to owners of the parent	626,396	778,927	1,199,354	1,551,146
Gearing ratio	N/A	N/A	N/A	N/A

Interest-bearing loans and borrowing and convertible bond liability component are mainly denominated in HK\$, RMB, and GBP, while Cash and cash equivalents and short-term deposits are mainly denominated in HK\$, RMB, US\$, Brazilian real (BRL) and Great British Sterling Pounds (GBP).

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 30 June
	2016	2017	2018	2019
	MB'000	MB'000	MB'000	MB'000
Contracted, but not provided for:				
Provision, late delivery	52,486	78,283	81,514	94,769
Acquisition of interest in investment		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 30 June
	2016	2017	2018	2019
	MB'000	MB'000	MB'000	MB'000
Interest-bearing loans and borrowings				
Secured by mortgage	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				
Unsecured interest-free	1,064	936	412,602	836
Secured interest-free	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	
	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 application of asset securitization certain PRC legal proceedings	130,985	131,673	119,786	121,393
Repaid land lease agreement pledged to secure the bank borrowing and for the Group's application of asset securitization certain PRC legal proceedings	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.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

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 remuneration policy is determined by the board of directors and is subject to the approval of the shareholders. In addition to basic salary, employees are entitled to other benefits including social insurance, employee stock ownership plan, dividend plan, etc.

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

As at the closing, the Company will indirectly hold 30% interest in Target Company and Target B. The Remaining Group will be primarily engaged in: (i) the Required China B and (ii) the Intellectual Property B. Regarding the Required China B, the Remaining Group is expected to remain stable.

The Remaining Group is expected to continue to lead Intellectual Property B and make efforts for increasing market share. The Remaining Group is building a Vietnam factory to combat the tariff pressure from North America and at the same time the facilities will be set up in Southeast Asia NVC based building and manufacturing from June 2020.

The Remaining Group has the plan to gradually increase its factory in China to be distributed by the regional characteristics and categories of demand for imported products and reduced dependence on OEM plants.

Meanwhile, the Remaining Group will strengthen its commercial and technical team to improve its ability to focus on accelerating the development of targeted market home and commercial control model to meet all regions' demand for the essential, commercial and digital applications.

In terms of financial management, the Remaining Group will continue to adhere to the established policies of cost control and improve efficiency of the business and to improve the overall operation of the Remaining Group through adjusting and optimizing organizational structure, from improved management and digital technological process. In terms of human resource management, talent from Target B and region will be recruited for achieving localized business development and for NVC based market development.

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

The following information is provided so as to form a financial information of the Remaining Group in connection with the Group's disposal (the Disposal) of 100% equity interest in Huiho NVC Lighting Technology Company Limited, Blue Light (HK) Trading Co., Limited and Zhuhai Yaohui 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 consolidation of the Cash Consolidation and Share Consolidation as at to 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 Re. Ltd. (Holdco) (a company which owns 100% of the share capital of the Purchase), Brilliant Light Investment Re. Ltd. (the Purchase) and Lighting Holding II Re. Ltd. (Lighting Holding II) (a company which owns 100% of the share capital of Holdco). Moreover, certain of the foregoing (the Recogai) will be carried out and should be completed before the Disposal as one of the conditions for the completion of the Disposal as described in equity Letter from the Board of the Circular. The provided so as to form a financial information is set out below in relation to the following (i) the financial position of the Remaining Group as at 30 June 2019 as if the Disposal 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 Disposal had been completed on 1 January 2018.

The provided so as to form a financial information is prepared in accordance with Paragraph 4.29 of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Disclosure in Investment Circular issued by the Hong Kong Institute of Certified Public Accountants.

The provided so as to form a financial information of the Remaining Group is based on:

- (i) the interim condensed consolidated financial statement 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 statement 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 Appendix A to the Circular. The audit has been completed on 26 August 2019 and 26 March 2019 in relation to the 2019 Interim Financial Statement and audited in relation to the 2018 Annual Financial Statement respectively, relating to the impairment of the receivable and certain liabilities relating to financial guarantee contracts and so on for the financial guarantee contracts. Details of the audited consolidated and audited in relation to the 2019 Interim Financial Statement and the 2018 Annual Financial Statement which are indicated in the Appendix A to the Circular. Since the audited consolidated and audited in relation to the 2019 Interim Financial Statement is related to the

comparability of the related figure in the interim consolidated financial statement for the month ended 30 June 2018 only, it does not have a significant impact on the amount recorded in the audited pro forma consolidated statement of financial position as at 30 June 2019.

However, as detailed in the independent auditor's report on the 2018 Annual Financial Statement, the Company, in accordance with the current applicable law, is obliged to limit to legal ratio, contract, and additional claim from the creditor against the estate basis. It has decided to make full amount of impairment of the receivable and ratio 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 Statement. During the year ended 31 December 2018, the amount of impairment of the receivable of RMB320,960,000 and ratio for loss of financial guarantee contract of the Group of RMB151,519,000 are recorded as the expense in the consolidated statement of profit or loss, and the impairment of the receivable and ratio for loss of financial guarantee contract in the consolidated statement of cash flow for the year ended 31 December 2018. The auditor qualified the ratio of the 2018 Annual Financial Statement because of the effect of the debt elimination in the audit of 2017 consolidated financial statement on (a) the contractual impact on the amount of impairment of the receivable and ratio for loss of financial guarantee contract for the year ended 31 December 2018; and (b) the comparability of the related 2017 figure and 2018 figure in the 2018 Annual Financial Statement. The auditor qualified the ratio of the 2018 Annual Financial Statement should have a significant impact on the amount of the expense recorded in the audited pro forma consolidated statement of profit or loss; and the amount of impairment of the receivable and ratio for loss of financial guarantee contract recorded 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 Disposal of the subsidiary, which are directly attributable to the Disposal 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 Statement and 2018 Annual Financial Statement and the 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, estimates, current applicable law and is intended for illustrative purposes only. Because of the 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 should have been attained had the Disposal 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	(1)	MB'000	(3)	MB'000	(5)	MB'000	(8)	MB'000	(8)	MB'000	(8)	MB'000	MB'000
NON-CURRENT ASSETS														
Property, plant and equipment	658,750		(332,957)		1,514									327,307
Right-of-use asset	286,204		(225,187)		3,538									64,555
Goodwill	1,129,734				(745,131)									384,603
Quarantineable asset	665,508		(282,516)											401,692
Intangible asset	42,440		(108,124)		65,682		513							452,967
Intangible asset	48,703		(48,703)											
Intangible asset			(1,963,375)		1,950,175			13,200						
Long-term investment	37,738		(37,738)											
Deferred tax asset	75,875		(61,170)		(2,000)									12,705
Prepaid expense	310,224		(299,990)											10,234
Total non-current assets	3,255,176												1,654,063	
CURRENT ASSETS														
Inventory	704,765		(339,506)		4,386									372,026
Trade and bill receivable	1,431,517		(982,708)											448,809
Prepaid expense and other receivable	331,028		(281,756)		(5,302)									93,133
Contract receivable	1,458		(349)											1,109
Quarantineable asset	33,857		(16,012)											17,845
Held-for-trading investment	32,582		(32,582)						460					

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	(1)	(3)	(5)	(8)	(8)	(8)	(8)	(8)	(7)	(9)	(10)	(10)	(13)	(14)	MB'000
Retained bank balance and short-term debt	244,626		(138,035)													106,591
Capital expenditures	763,320		(509,443)	(5,757)		(70,000)	14	(84,058)			4,611,308	(398,226)	(3,398,226)		(29,500)	879,432
Amortization expense			(6,879,389)	5,334,885	(513)	(90,446)		840,578			1,330,170					535,285
Total current assets	3,543,153															2,454,230
CURRENT LIABILITIES																
Trade payable	1,470,113		(1,088,803)				114									381,424
Accounts payable	741,311		(559,762)													181,549
Interest-bearing bank obligations	489,370		(468,707)													20,663
Lease liabilities	25,039		(22,735)	1,769												4,073
Government grants	561		(471)													90
Income tax payable	228,563		(136,177)													92,386
Amortization expense																
Remaining Group			(6,033,179)	4,703,009							1,330,170					
Total current liabilities	2,954,957															680,185
NET CURRENT ASSETS	588,196															1,774,045
TOTAL ASSETS LESS CURRENT LIABILITIES	3,843,372															3,428,108

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UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP

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	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000
	(1)	(3)	(5)	(8)	(8)	(8)	(8)	(9)	(10)	(10)	(13)	(14)
NON-CURRENT LIABILITIES												
Lease liability	73,894	(32,426)	2,606									44,074
Government guarantee	10,974	(8,173)										2,801
Deferred tax liability	175,957	(75,346)										100,611
Total non-current liabilities	260,825											147,486
Net assets	3,582,547											3,280,622
EQUITY												
Equity attributable to owners of the parent	3											3
Share capital	3,462,460	(581)	123		(724)	(84,058)	2,381		3,656,896	(398,226)	(3,398,226)	3,210,545
Non-controlling interests	3,462,463	(37,872)	22,162	(34,300)								3,210,548
	120,084											70,074
Total equity	3,582,547											3,280,622

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	The Group for the year ended 31 December 2018 MB'000 (2)	MB'000 (4)	MB'000 (6)	MB'000 (8)	Pro forma adjustments MB'000 (7) (10) (10)			MB'000 (12)	MB'000 (14)	Pro forma the Remaining Group for the year ended 31 December 2018 MB'000
REVENUE	4,904,848	(6,969,416)	3,499,224		101,197					1,535,853
Cot of ale	(3,426,560)	5,478,333	(3,221,630)		(101,225)					(1,271,082)
Gross profit	1,478,288									264,771
Q ha i come a d gai	253,538	(1,180,774)	1,049,021		22,429					144,214
Selli g a d i t i o c o t	(517,646)	670,829	(229,503)							(76,320)
Admi i t i e e e	(449,166)	296,924	(34,059)		(1,985)				(29,500)	(217,786)
Q ha e e e	(612,039)	58,726	(638)							(553,951)
Fi a c e c o t	(59,895)	44,906	(383)		(20,454)					(35,826)
Sh a e o f e t o f a o c i a e	5,259	(4,823)	(436)	31				82,773		82,804
Sh a e o f e t o f a j o i t e t e	(35,200)	49,332								14,132
Gai o d i o a l o f t h e T a g g C o					3,275,504					3,275,504
PROFIT BEFORE INCOME TAX	63,139									2,897,542
I come t a	(365,475)	159,707	(22,246)				(383,584)			(611,598)
(LOSS)/PROFIT FOR THE YEAR	(302,336)									2,285,944
At i b t a b l e t o :										
O a o f t h e a e t	(327,592)	(1,377,464)	1,031,899	31	(38)			82,773	(29,500)	2,272,029
No -c o t t o l l i g i t a e t	25,256	(18,792)	7,451							13,915
	(302,336)									2,285,944

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP

	The Group for the year ended 31 December 2018 MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	MB'000	Pro forma the Remaining Group for the year ended 31 December 2018 MB'000
	(2)	(4)	(6)	(8)	(7)	(10)	(10)	(12)	(14)									
(LOSS)/PROFIT FOR THE YEAR	(302,336)	(1,396,256)	1,039,350	31	(38)	3,275,504	(383,584)	82,773	(29,500)									2,285,944
OTHER COMPREHENSIVE INCOME																		
Item that may be reclassified to profit or loss:																		
Exchange differences on translation of foreign operations	(10,596)	(687)	597															(10,686)
Released on disposal of the Tagay Group		14																14
																		(10,672)
Item that may be reclassified to profit or loss:																		
Financial assets at fair value through other comprehensive income, net of tax	6,500	(10,161)																(3,661)
																		(14,333)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(306,432)																	2,271,611
Attributable to:																		
Owners of the parent	(332,437)	(1,388,298)	1,032,496	31	(38)	3,275,504	(383,584)	82,773	(29,500)									2,256,947
Non-controlling interests	26,005	(18,792)	7,451															14,664
	(306,432)																	2,271,611

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	(2)	MB'000	(4)	MB'000	(6)	MB'000	(8)	MB'000	(7)	MB'000	(10)	MB'000	(12)	MB'000	(14)
CASH FLOWS FROM OPERATING ACTIVITIES																
Profit before income tax	63,139		(1,555,963)		1,061,596		31		(38)		3,275,504		82,773		(29,500)	
Adjustment for:																
Interest income	(14,287)		8,424		289				(20,454)							
Finance cost	59,895		(44,906)		383				20,454							
Dividends received			1,010,200		(1,010,200)											
Share of profit of associate	(5,259)		4,823		436		(31)						(82,773)			
Share of loss of associate	35,200		(49,332)													
Loss on disposal of subsidiary, land and investment	2,229		(2,162)													
Disposal of investment, land and investment	86,374		(60,938)		682											
Amortization of leasehold lease and investment	1,319		(876)													
Amortization of intangible asset	12,125		(1,584)		3											
Impairment loss, land and investment	1,538		(1,538)													
Impairment reversal of investment of trade receivable, and	26,437		(26,419)		(1,232)											
Impairment reversal of trade receivable, and	319,880		705													
Reversal of provision of interest	5,836		(4,585)													
Write-off of trade receivable			(1,677)		1,677											
Goodwill impairment																
Gain on disposal of subsidiary	(25,577)		6,549													
Gain on disposal of subsidiary	(82,903)															
Gain on disposal of associate	(85,958)				85,958											
Loss on modification of contractible bond	78,387															
Provision of financial guarantee	151,519															
Gain on disposal of financial liability	10,689		(10,689)													

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

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UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

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UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

- The amount ascertained from the consolidated statement of financial position of the Group as at 30 June 2019 as reported in the consolidated statement of the Company for the month ended 30 June 2019.
- The amount ascertained from the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2018 as reported in the consolidated statement of the Company for the year ended 31 December 2018.
- The adjustment represents the elimination of a receivable, liability, non-controlling interest and foreign currency translation reserve attributable to the entities and business in the Target Group (the Disposal Entity) by aggregation of the amount ascertained from the individual statement of financial position as at 30 June 2019 as reported in the Consolidated Statement of the Disposal Entity had been completed on 30 June 2019 for the financial position of the Remaining Group.
- The adjustment represents the elimination of financial assets and cash flows of the Disposal Entity by aggregation of the amount ascertained from the individual statement of profit or loss, statement of comprehensive income and statement of cash flows for the year ended 31 December 2018 as reported in the Consolidated Statement of the Disposal Entity had been completed on 1 January 2018 for the financial assets and cash flows of the Remaining Group.
- The adjustment mainly represents (i) elimination of intercompany balance, interest cost and transaction as at 30 June 2019 in the Disposal Entity; and (ii) financial adjustment on a good and liability, and recognition of item arising from the Group's historical business combination of certain Disposal Entity.
- The adjustment mainly represents (i) elimination of intercompany transaction for the year ended 31 December 2018 in the Disposal Entity; and (ii) addition of depreciation and amortization and deletion of deferred tax income related to financial adjustment on a good and liability and adjustment to eliminate the accounting 're-acquisition' related to the Group's historical business combination of certain Disposal Entity.
- The adjustment represents the removal of elimination of the intercompany transaction between the Target Group and the Remaining Group, which was 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 removal of the financial assets and cash flows of the Remaining Group and financial position of the Remaining Group is equal. The intercompany transaction were required to have continuing effect on the Remaining Group.
- The adjustment represents financial impact of the following of the Reorganization which affects the good and value of the Target Group and the carrying of the Disposal Entity had been completed on 1 January 2018 as at 30 June 2019 has been calculated:

(a) Transfer of certain interest in a company from the Target Group to the Remaining Group

	At 30 June 2019 MB'000	At 1 January 2018 MB'000
Aggregate consideration payable to the Remaining Group	513	513
Cash value of the Target Group's interest in the company	(387)	(368)
Gain on the Target Group's disposal of a company	126	145
Less: estimated tax expense	(3)	(3)
Net gain on disposal of a company and the amount to be adjusted to the good and value of the Target Group on the Closing	123	142
Share of net profit of the company for the year ended 31 December 2018	N/A	31

The a a a a d these t of the a a a a e a e a c c o t e d f o r b c a t a i D i o a l E t i e d a the e i m e t h o d. P a t t o t h e a e a g a i a i o m e m o a d m a e d e d t o t h e S h a e P a c h a e A g r e e m e t (t h e R e a g a i a i o M e m o), t h e a g g r e g a e c o i d a a i o o f t h e t a f a i R M B 5 1 3 , 0 0 0 . U o t h e t a f a o f t h e e i i t a e t o f t h e a a a a e f i o m t h e T a g a G o t o t h e R e m a i i g G o , t h e R e m a i i g G o a e c o g i e i e t m e t i a a a a e a c o t , i . e . t h e a g g r e g a e c o i d a a i o o f R M B 5 1 3 , 0 0 0 . T h e a g a i o d i o a l o f t h e a a a a e a a 3 0 J e 2 0 1 9 a d 1 J a a 2 0 1 8 o f R M B 1 2 3 , 0 0 0 a d R M B 1 4 2 , 0 0 0 a e e q i e l , i a d j t e d t o t h e a a a a l e o f t h e T a g a G o o t h e C l o i g .

- (b) T a f a o f i e t m e t i c a t a i b i d i a e f i o m t h e T a g a G o t o t h e R e m a i i g G o a f a t h e a e l a e d b i d i a ' d i t r i b t i o o f d i d e d

	At 30 June 2019 MB'000	At 1 January 2018 MB'000
Di d e d d i t r i b t e d b t h e b i d i a e	70,000	70,000
L e : d i d e d a t r i b t a b l e t o t h e o - c o t s o l l i g i t a e t	(34,300)	(34,300)
Di d e d a t r i b t a b l e t o t h e T a g a G o	<u>35,700</u>	<u>35,700</u>
A g g r e g a e c o i d a a i o a a b l e b t h e R e m a i i g G o	90,446	90,280
C a i i g a l e o f t h e T a g a G o ' i e t m e t c o t i t h e b i d i a e o c o m a l e e l	(13,200)	(10,200)
G a i o d i o a l o f b i d i a e o c o m a l e e l	77,246	80,080
L e : e t i m a e d t a e e e		
N e g a i o d i o a l o f b i d i a e	<u>77,246</u>	<u>80,080</u>
A m o t t o b e a d j t e d t o t h e a a a a l e o f t h e T a g a G o o t h e C l o i g	<u>112,946</u>	<u>115,780</u>

T h e i e t m e t c o t i t h e e b i d i a e a e r e c o d e d i t h e t a e m e t o f f i a c i a l o i i o o f c a t a i D i o a l E t i e a a 3 0 J e 2 0 1 9 a d 1 J a a 2 0 1 8 . T h e i e t m e t c o t o f t h e e b i d i a e a e e l i m i a e d i a d j t m e t i N e 5 a t h e a e a i t h i t h e c o e o f t h e D i o a l .

P a t t o t h e R e a g a i a i o M e m o , b e f o r e t h e t a f a o f t h e b i d i a e f i o m t h e T a g a G o t o t h e R e m a i i g G o , o e o f t h e b i d i a e i l l d e c l a e a d i d e d o f R M B 7 0 , 0 0 0 , 0 0 0 t o i h a e h o l d a . T h e b i d i a i o e d a t o 5 1 % b a D i o a l E t i a d 4 9 % b a o - c o t s o l l i g h a e h o l d a . A c c o d i g l , t h e T a g a G o a d t h e o - c o t s o l l i g h a e h o l d a i l l b e e t i l e d t o t h e d i d e d i a a m o t o f R M B 3 5 , 7 0 0 , 0 0 0 a d R M B 3 4 , 3 0 0 , 0 0 0 a e e q i e l . A f a t h e d i t r i b t i o o f t h e d i d e d , t h e b i d i a e i l l b e t a f a e d a a a g g r e g a e c o i d a a i o o f R M B 9 0 , 4 4 6 , 0 0 0 .

A m i g t h e e t a a q i o h a d b e e c o m l a e d o 3 0 J e 2 0 1 9 a d 1 J a a 2 0 1 8 , t h e a a a a l e o f t h e T a g a G o o l d i a e a e b R M B 1 1 2 , 9 4 6 , 0 0 0 a d R M B 1 1 5 , 7 8 0 , 0 0 0 a e e q i e l .

(c) The foregoing interpretation of this Article shall apply to the Target Group of the Remaining Group.

	At 30 June 2019 MB'000	At 1 January 2018 MB'000
Carrying amount		N/A

- (e) Distribution of dividend by the Dividend Committee of the Company for settlement of amount due from the Remaining Group of the Taggart Group in the aggregate amount of a nominal RMB840,578,000, subject to the holding of 10%.
9. The adjustment to the reclassification of amount by the Taggart 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 one of, and the Purchase has collectively agreed to accept the entire interest of the Taggart Company in the cash consideration of a nominal RMB4,611,308,000 (the Cash Consideration), subject to certain optional adjustment accordance with the Share Purchase Agreement and Holdco will receive 30% of the total interest of the Company in the Holdco of the Company in the settlement of 30% of the total interest of the Share Consideration. After the completion of the Dividend (the Closing), the Company and LED Holding will receive equal interest of 30% and 70% of the total interest in the Taggart Group.

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

- If, before 31 December 2018 and the Closing, a leakage of value from the Taggart Group (whether through committed in the Share Purchase Agreement) occurs, the Cash Consideration will be reduced on a dollar-for-dollar basis to come after the Purchase for the value which has been leaked of the Remaining Group. Leakage is defined in detail in the Share Purchase Agreement but can be a payment, a payment in kind, or whether a form of economic value from the Taggart Group of the Remaining Group. The directors are of a view of a committed leakage from 1 January 2019 to 30 June 2019 and do not require a committed leakage until the Closing.
- If the Taggart Group's Net Adjusted Cash Amount fall below RMB300 million at a time before the Closing and the date of the month after the Closing, LED Holding II shall have a right of additional interest in the cash amount fall if LED Holding II exercise the right, LED Holding II and the Company will be obliged to interest 70% and 30% of the cash fall in equal interest of Holdco in the form of additional interest. As at 1 January 2018 and 30 June 2019, the directors are of a view of a cash amount fall and do not require a cash amount fall until the date of the month after the Closing.
- The Purchase will fix a certain amount of Cash Consideration shall be borne in. As at Closing, if Holdco, in detail through the Purchase, borne a amount, after (i) cash of the Purchase and (ii) fix a certain amount, in the case of RMB2,400,000,000 (the Excess Borne in Amount), the Cash Consideration shall be increased by a amount to 30% of the Excess Borne in Amount. Based on a certain amount from Holdco, there is no Excess Borne in Amount and the directors are equal that there will be no Excess Borne in Amount and accordingly to additional Cash Consideration will be received at the Closing.
- The Group will receive proceeds from the realization of a certain liability of a joint settlement of one of the Dividend Committee by Holdco in the specified period after the Closing in a cash 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 are closed of the carrying amount of the settlement in the joint settlement of the related proceeds and are equal to be received in the 12 months following the Closing.

As at the foregoing, the Taggart Group will assign to the Remaining Group a right to one of the trademark, that are related to the Remaining Group Business.

- (a) After taking into account the above consideration adjustment and assignment of right to one of trademark, a management of the Closing had been completed on 30 June 2019, the adjustment to the reclassification:
- (i) the Cash Consideration of a nominal RMB4,611,308,000;
 - (ii) the Share Consideration received in the 30% interest in Holdco which is clarified as interest in a certain amount of the Dividend and measured a fair value of the Closing;
 - (iii) the fair value of right to the trademark to be assigned by the Taggart Group of the Remaining Group estimated by the directors of the Company in the settlement of a certain amount formed by a dividend of the form of a certain amount of all clarified amount which is determined in the settlement of the trademark;

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

	MB'000
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
Total consideration for the Disposal	5,131,167
Less: cash of the Target Group	(1,489,575)
Add: non-controlling interest of the Target Group	
realisation of foreign currency translation reserve attributable to the Target Group	14,723
	581
Estimated gain on the Disposal	3,656,896
Less: estimated tax expense on the Disposal	(398,226)
Net gain on the Disposal	3,258,670

- (b) After taking into account the above consideration adjustment and a payment of right to set the trademark, assuming that the Closing 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 associate on the Disposal and measured at fair value on the Closing;
- (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 set out in the independent financial adviser's report, which is detailed in the independent financial adviser's report;
- (i) the contingent consideration receivable arising from the estimated realisation proceeds in relation to a joint venture; and
- () the estimated gain on the Disposal if the Disposal had been completed on 1 January 2018, which is set out below:

	MB'000
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
Total consideration for the Disposal	5,015,641
Less: cash of the Target Group	(1,748,542)
Add: non-controlling interest of the Target Group	8,419
realisation of foreign currency translation reserve attributable to the Target Group	(14)
Estimated gain on the Disposal	3,275,504
Less: estimated tax expense on the Disposal	(383,584)
Net gain on the Disposal	2,891,920

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

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

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, latent debt, which is a liability and a derivative of the Target Group as at 1 January 2018	(92,881)
Add: Deferred tax impact	23,220
	<hr/>
Adjusted profit attributable to the Target Group for the year	275,911
	<hr/>
Thereof 30%	82,773
	<hr/>

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 QLE of HK\$0.9 each, totaling a nominal RMB3,398,226,000 (equivalent to a nominal HK\$3,804,553,000), to its shareholders.
14. The amount to the estimated acquisition cost direct attributable to the Dividend of RMB29,500,000.
15. No adjustment has been made to reflect a trading loss which is a liability of the Group entered into before 31 December 2018 or 30 June 2019 has a liability.

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 express an opinion 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 follows the Hong Kong Standards on Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagement issued by the HKICPA and accordingly maintain a comprehensive system of quality control in accordance with documented 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 review of the pro forma financial information issued with the completion of the audited pro forma financial information because our duty to the holders of the securities is not addressed by the date of their issue.

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 Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant shall perform procedures to obtain reasonable assurance about whether the directors of the Company have complied with the audited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and therefore set out AG 7 issued by the HKICPA.

For some of these engagements, we are responsible for designing and implementing procedures to obtain historical financial information and to compare the audited pro forma financial information, where relevant, with the results of these engagements, to form an audit opinion on the financial information and to compare the audited pro forma financial information.

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

A reasonable assurance engagement to be performed by the auditor is a financial information has been properly compiled on the basis of the applicable accounting principles and procedures to a reasonable assurance that the financial information of the audited pro forma financial information is a reasonable basis for the expected significant effects directly attributable to the event transaction, and to obtain sufficient assurance evidence about the same:

- (a) the related audited pro forma adjustment gives a reasonable effect of the event; and
- (b) the audited pro forma financial information reflects the proper application of the adjustment to the adjusted financial information.

The procedures required to be performed by the auditor, in regard to these accounting matters, data of the date of the event, the event transaction, in the event of which the audited pro forma financial information has been compiled, and the related event transaction.

The engagement also includes all the other matters of the audited pro forma financial information.

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

Opinion

In our opinion:

- (a) the audited pro forma financial information has been properly compiled by the director of the Company on the basis of the
- (b) the basis of the accounting policies of the Group; and
- (c) the adjustment is a reasonable effect of the event of the audited pro forma financial information is disclosed in accordance with 4.29(1) of the Listing Rules.

BDO Limited
Certified Public Accountant
Hong Kong

31 October 2019



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7th Floor, One Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

仲量聯行企業評估及諮詢有限公司
鰂魚涌英皇道979號太古坊一座7樓
電話 +852 2846 5000 傳真 +852 2169 6001
公司牌照號碼：C-030171

31 October 2019

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

Dear Sirs,

I acknowledge this request from NVC Lighting Holding Limited (the Company),
to have undertaken a valuation exercise to determine a fair value of 100
percent of its interest in NVC Lighting Technology Company Limited, Blue
Light (HK) Trading Co., Limited and Zhuhai Yaohui Technology Co., Ltd. (the Target Group)
as at 31 December 2018 (the Valuation Date). Thereafter which followed 31 October
2019 (the Report Date).

The scope of this valuation is to determine a fair value of 100
percent of its interest in 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 of our assets, we have been furnished with information received by the
Company regarding the business. We have relied to a considerable extent on such
information in arriving at our opinion of value.

The conclusion of value is based on accepted valuation procedures and practices that are
based on all of our knowledge of market conditions and a consideration of all factors that
are relevant to the valuation of the Target Group. We have also considered all risks and
contingencies that have a material impact on the business. Furthermore, while the market and
consideration of all material factors are considered to be reasonable, the assessment of the
to significant business, economic and competitive contingencies and contingencies, many of
which are beyond the control of the Company and Jones Lang LaSalle Corporate Appraisal and
Advisory Limited.

We do not intend to use a portion of material which is the legal or the
specialized or the knowledge, be it in a form of a letter or a . Or
conclusion a mere collection of a set of management of the Company or a
period

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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 Huiho NVC Lighting Technology Company Limited, Blue Light (HK) Trading Co., Limited and Zhuhai Yaohui 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 sufficient evidence to support our opinion of the objective. We believe that the valuation procedure employed is reasonable and reliable for our opinion.

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 Huiho NVC Lighting Technology Company Limited, Blue Light (HK) Trading Co., Limited and Zhuhai Yaohui Technology Co., Ltd. (the Target Group). The Target Group is principally engaged in manufacturing, sales and distribution of commercial lighting products and home lighting products as well as 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 the public source. Documents received include, but are not limited to:

1. 2018 Management Account of the Target Group;

- Co-ordinate the work of the company;
- Company Information; and
- Company business registration number and related information.

Other source of information included:

- 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 arriving at our assessed value, we have considered three generally accepted approaches, namely, market approach, cost approach and income approach.

Market Approach considers price recently paid for similar assets, with adjustment made to make price to reflect condition and utility of the assessed asset relative to the market comparable. Assets for which there is an established secondary market may be valued by this approach.

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

This approach allows for the incorporation of future soft assets and the associated non-financial adjustments for the settlement of deferred cash flows. However, this approach relies on many assumptions on a long time horizon and these may be subject to certain risks. 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 discounted cash flow method, does not take into account the future market value. We are informed that the recorded cost of the Target Group's future earnings, and the management of the Company could provide a reliable amount of future economic income projection. Hence, the forecast of the reliable future cash flows of the Target Group is available in this case. Secondly, the cost approach does not directly consider information about the economic benefit contributed by the subject assets. We have therefore relied solely 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 statement, 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 in this valuation have been established in order to provide a more accurate and reasonable basis for analysis and evaluation.

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

- 1. There will be no material change in the existing political, legal, technological, financial and economic conditions, which might adversely affect the business of the Target Group.
- 2. The operational and contractual terms related to the selected contracts and agreements will be honored.
- 3. The facilities and personnel are sufficient for future expansion in order to realize the growth potential of the business and maintain a competitive edge.
- 4. We have assumed that there are no hidden or expected conditions associated with the assets that might adversely affect the overall 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 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 Sintering Optical Co., Ltd.	002449 CH EQUITY	LED Component Lighting Application Classical Electrical China 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 election of comparable companies is based on the industry of the Target Group, which design, manufacture and trade a wide of commercial lighting products, especially for office and lighting products in China. It has a relatively efficient lighting product (most have overseas). At the same time, HKEX, the considered board Hong Kong and China main board capital market.

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

For details of the definition 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
Adopted Multiples	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 Book value	Financial Year 2018 Revenue
Financial Year 2018 Net income (MB'000)	(MB'000)	(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 a interest in such business. Marketability is defined as the ability to convert the business interest into cash quickly, in a minimum transaction and administrative cost, and with a high degree of certainty at the amount of proceeds. There is a significant cost and time lag associated in locating interested and capable buyers of interest in privately-held companies, because there is no established market of readily available buyers and sellers. All other factors being equal, a interest in a publicly traded company is worth more because it is readily marketable. Conversely, a interest in a privately-held company is worth less because it is not readily marketable.

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

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 determine the DLOM.

Since the Target Group's revenue is fiscal year 2018 of \$100 million US dollars, a average discount of 14.9% is used as a basis for 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 Sdb's Holding, Inc., whose share placement consisted of 125% of the net sales have outstanding.

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

: Quantifying Marketability Discount, by Z. Chittoor, Macc, 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, have obtained information from public sources together with which financial information, source documents and other data are collected in the source data 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 writing as a basis for our conclusions.

We confirm that we have made available to each of the independent advisers the information and documents necessary for the purpose of this report.

In writing our conclusions, we have only considered the contribution of the Target Group. We have not made any assumptions for the purpose of our analysis of the Target Group's income, except as stated in the financial model.

The conclusion of our independent advisers is that the procedures and practices that we have adopted in the course of our examination of the contribution of the Target Group to the overall performance of the Company are consistent with the requirements of the applicable accounting standards. Furthermore, while the assumptions and the contribution of the Target Group are considered to be reasonable, the independent advisers are not in a position to give an opinion on the economic and commercial value of the Target Group, and on the value of the Company and the value of the Target Group's shares.

RISK FACTORS

- **Economic considerations**

The PRC economy has experienced significant growth in the past decade, but the growth has been uneven geographically and among different sectors of the economy. There is a risk that the expected economic growth will be realized and that the social and economic changes 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 regulations governing its operations 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 these findings of our investigation and analysis outlined in these attachments, 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 below:

Valuation Date	Fair Value of 100 Percent Equity Interest (MB'000)
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 representatives. We did not conduct an audit of the data and either we were not able to verify its accuracy or reliability in whole. We take no responsibility for the accuracy of this information. Our report was prepared as part of the Company's management and its representatives' contractual obligations of full and fair disclosure, the timeliness or reliability of the disclosed data of the subject is not to be relied upon by the Company's management.
2. We have relied on a part of our service engagement procedures that in the director's responsibility to ensure the accuracy of accounting records maintained, and the financial information and forecasts given are a fair and balanced view in accordance with the relevant standards and accounting principles.
3. Public information and industry and statistical information have been obtained from sources deemed to be reliable; however, we make no representation as to the accuracy or completeness of this information, and have accepted the information without any verification.
4. The management and the Board of the Company's management have reviewed and agreed on these and confirmed that the basis, assumptions, calculations and the data are reasonable.
5. Joe La Salle LaSalle Company and Advisory Limited shall not be responsible to give testimony or take any action to a govt. meeting or to be a part of this exercise, therefore, the subject of the project described herein. Should there be a kind of a dispute or a claim, the company will be responsible to the company and the company will be reimbursed from the company. Should there be a dispute or a claim, the company will be reimbursed from the company. Should there be a dispute or a claim, the company will be reimbursed from the company.
6. No opinion is intended to be given for matters which are legal or quasi-legal in nature, which is not of an accounting nature.
7. The use of a different audit of the report is subject to the terms of the engagement letter and/or to the full agreement of the fee and all the other fees.
8. Our conclusion and recommendations of the independent management policies or the company's management of time that is considered to be necessary in order to maintain the character and integrity of the financial statements.

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EXHIBIT B – VALUERS’ PROFESSIONAL DECLARATION

The following are our beliefs, to the best of our knowledge and belief, that:

- 1. Information has been obtained from sources that are believed 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 discreditable.
- 2. These stated assumptions, opinions, and conclusions are based on the information obtained in the course of and based on the valuers’ overall, unbiased professional assumptions, opinions, and conclusions. The valuation is exclusively based on the limiting conditions.
- 3. These stated assumptions, opinions, and conclusions are independent and objective.
- 4. The valuers have no reason to question the accuracy of the information obtained, and have no reason to believe that the information is biased or otherwise unreliable.
- 5. The valuers’ compensation is contingent on the amount of the final estimate, the attainment of a targeted fee, the occurrence of a business event, or the receipt of a recommended sale or disposition in a transaction for the care of the client.
- 6. The assumptions, 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 person is identified as a participant in the completion of this report:

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 Lighti g Holdi g Ltd.	2222 HK EQUITY	NVC Lighti g Holdi g Ltd de ig , ma faq se a d di t i b t e l i g h i g f i t s e .
Neo-Neo Holdi g Limi ted	1868 HK EQUITY	Neo-Neo Holdi g Limi ted i a de co a i e l i g h i g co m a t a i o e d i Ho g Ko g. I e g a g e i t h e s e e a c h, de e l o m e t, ma faq s i g a d di t i b t i o of l i g h i g s o d q i c l d i g i c a d e c e t, LED, de co a i e a d e t a i m e t l i g h i g s o d q .
Zhejia g Ya ko G o Co.	600261 CH EQUITY	Zhejia g Ya ko G o Co., Ltd. ma faq se 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 s e l a e d l i g h i g t e m . The Co m a e l l i 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 s 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 i g Co., Ltd. ma faq se 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 s i e s o d q . The Co m a ' s o d q i c l d e b l b , de co 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 q 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 s e l a e d s o d q .
He g d i a G o T o o L i g h i g Co., Ltd.	603303 CH EQUITY	He g d i a G o T o o L i g h i g Co., Ltd. ma faq se l i g h i g s o d q . The Co m a s o d c e a d e l l co m a q f l a e c e t l a m b l b , LED b l b , l i g h i g e l e q s o i c , o t d o a l m i a i e , a d m a e . He g d i a G o T o o L i g h i g m a k e i s o d q t h o g h o t t h e a l d .
OPPLE Lighti g Co., Ltd.	603515 CH EQUITY	O l e L i g h i g Co. Ltd. ma faq se l i g h i g s o d q . The Co m a d e i g , s o d c e , a d e l l b l b , l i g h i g f i t s e , LED, a d q h a s 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. Ltd.	002449 CH EQUITY	Fo ha Na i o S a O t o e l e q s o i c Co. Ltd, e c i a l i i g i ma faq s 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 a 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, di 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
Valuation Date

The Target Group
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	000541 CH EQUITY	19.16	1.66	1.93
He g dia G o To o Ligh i g Co., Lt d.	603303 CH EQUITY	19.54	1.88	1.21
OPPLE Ligh 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 t i le of P/E, P/B, a d P/S of com a able com a ie a e ad o t ed t o d q a mi e 100% e i t al e.

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

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes statements made in compliance with the Listing Rules for the purpose of giving information to the shareholders 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 statement, omission or fraud which would make a statement made in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interest and holdings of the Directors as chief executive of the Company in the Shares, dealing Shares and debt securities of the Company and its associated corporations (in this meaning of Part XV of the SFO) which are required to be notified to the Company as at the Stock Exchange's cutoff date of 7 and 8 of Part XV of the SFO (including interests or holdings which the Director is deemed to have a disclosure obligation of the SFO), as recorded in the register are listed as follows in Part XV of the SFO, which are required to be notified to the Company as at the Stock Exchange's cutoff of the cutoff 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 Mr. 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 an interest or holdings in the Shares, dealing Shares or debt securities of the Company and its associated corporations (in this meaning of Part XV of the SFO) which are required to be

qualified of the Company and the Stock Exchange is set out in Division 7 and 8 of Part XV of the SFO (including the provisions which the takeover is deemed to have discharged in relation of the SFO), as recorded in the register is deemed to be maintained is set out in Section 352 of Part XV of the SFO, as which the company is deemed to be qualified of the Company and the Stock Exchange is set out in 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 turn holds 16.02% of the share of ETIC, and ETIC in turn holds 20.59% of the issued share (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 time of this, 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 holding in the share or dealing share in the Company which would fall to be disclosed of the Company and the Stock Exchange in relation 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 (who have a director or chief executive of the Company) had 5% or more interest or holding in the issued share and dealing share of the Company as recorded in the register is deemed to be kept by the Company is set out in 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 controlling shareholders	Ordinary Shares	870,346,000 (L) (3)	20.59%
Haitong International Holding Limited	Interest of controlling shareholders	Ordinary Shares	870,346,000 (L) (3)	20.59%
Haitong Securities Co., Ltd.	Interest of controlling shareholders	Ordinary Shares	870,346,000 (L) (3)	20.59%
SULI	Beneficial owner	Ordinary Shares	649,350,649 (L)	15.36%
Schneider Electric Asia Pacific Limited	Beneficial owner	Ordinary Shares	288,371,000 (L)	6.82%
Schneider Electric Industrial SAS	Interest of controlling shareholders	Ordinary Shares	288,371,000 (L) (4)	6.82%
Schneider Electric SE	Interest of controlling 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. Haitong International Credit Company Limited has a restricted interest in the Share. A Haitong International Credit Company Limited is a wholly-owned subsidiary of Haitong International Finance Company Limited, which itself is a wholly-owned subsidiary of Haitong International Securities Company Limited, 63.08% interest of Haitong International Securities Company Limited is held by Haitong International Holding Limited, which is a wholly-owned subsidiary of Haitong Securities Co., Ltd., Haitong Securities Co., Ltd., Haitong International Holding Limited and Haitong International Securities Company 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 Industrial SAS, which itself is a wholly-owned subsidiary of Schneider Electric SE, Schneider Electric Industrial SAS and Schneider Electric SE are deemed to be interested in the Share.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors are aware, or have any reason to believe, that any Director and chief executive of the Company are

4. DIRECTOR'S INTERESTS IN ASSETS

See a disclosure above, as at the Latest Practicable Date, one of the Directors is a material interest in a contract as a game bettor and which is significant in relation to the business of the Group.

7. MATERIAL LITIGATION

Neither the Company nor any of its subsidiaries are engaged in a litigation or arbitration or claim of material importance which is known to the Directors to be ongoing or threatened by or against either the Company or any of its subsidiaries as at the Latest Practicable Date.

8. MATERIAL CONTRACTS

The following material contracts (which being 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 by the Group as at 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 at a consideration of RMB500,000,000 and 5% equity interest in Wh NVC Lighting E-Commerce Limited at 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 Industrial Investment Fund LP (the **Jadestone**), pursuant to 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 at 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), pursuant to which the Company and LED Holding have jointly agreed to dispose of, and the Purchaser has jointly agreed to acquire the Target Company with a valuation 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
high	Qualification id100066di(Acc57-1) qualification

- (c) All the agreements and contracts mentioned in the agenda headed Director's Itinerary in April, Director's Itinerary in Contract and Agreement and Material Litigation in this Appendix;
- (d) The letter from Gram Capital, the text of which is quoted in this circular;
- (e) The review report on a drafted financial information of the Diagonal Entity, which is mentioned in Appendix II of this circular;
- (f) The assessment report on the compilation of a drafted financial information of the Remaining Group, the text of which is quoted in Appendix IV of this circular;
- (g) The analysis report on the Target Group, the text of which is quoted in Appendix V of this circular;
- (h) The analysis report of the Company for each of the three years ended 31 December 2016, 2017 and 2018 and the interim report of the Company for the interim month ended 30 June 2019, respectively;
- (i) The site report referred to in the agenda headed Estate and Cost in this Appendix; and
- (j) This circular.

11. GENERAL INFORMATION

- (a) The company names of the Company is Mi Le g Chi g Chi g (梁晶晶). Mi Le g Chi g Chi g 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~~ ~~registered~~ ~~as~~ ~~a~~ ~~data~~ ~~for~~ office i ~~t~~ he Ca ~~m~~a I la d of ~~t~~ he Com a i SMP



NOTICE OF EGM

1(b) The resolution of the Special Dividend of HK\$0.9 per Share of the Shareholder to be declared and paid in the capital of the Company shall be a resolution of the Shareholders of the Company to be adopted and a dividend of the Company to be declared and authorized to take such action, do such things and execute such documents as the dividend may require in the absence of any objection to the implementation of the same 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 holder of shares at the chairmanship of the EGM may decide, in good faith) will be taken by a poll in accordance with the Listing Rules and the provisions of the Articles of Association of the Company and Clearing Limited and the Company in accordance with the Listing Rules.
2. A shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy (or more than one proxy if he/she is the holder of shares) to attend and vote on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the form of proxy shall specify the number of shares in respect of which each proxy is appointed. In case of a poll, a shareholder may elect to be present in person or by proxy. The proxy shall be entitled to vote on behalf of the shareholder.
3. In order to be valid, the form of proxy must be signed by the holder of shares or his authorized agent, if any, and must be signed by a qualified person on behalf of the Company, the Company Secretary, the Company's General Manager, the Company's Director, the Company's Chairman, the Company's President, the Company's Vice President, the Company's Managing Director, the Company's Executive Director, the Company's Non-Executive Director, the Company's Independent Non-Executive Director, the Company's Chairman of the Board, the Company's Chairman of the Executive Committee, the Company's Chairman of the Audit Committee, the Company's Chairman of the Remuneration Committee, the Company's Chairman of the Nominations Committee, the Company's Chairman of the Sustainability Committee, the Company's Chairman of the Environmental, Social and Governance Committee, the Company's Chairman of the Risk Management Committee, the Company's Chairman of the Compliance Committee, the Company's Chairman of the Internal Control Committee, the Company's Chairman of the Information Management Committee, the Company's Chairman of the Human Resources Committee, the Company's Chairman of the Finance Committee, the Company's Chairman of the Technology Committee, the Company's Chairman of the Research and Development Committee, the Company's Chairman of the Marketing Committee, the Company's Chairman of the Sales Committee, the Company's Chairman of the Customer Service Committee, the Company's Chairman of the Supplier Management Committee, the Company's Chairman of the Environmental Protection Committee, the Company's Chairman of the Social Responsibility Committee, the Company's Chairman of the Corporate Governance Committee, the Company's Chairman of the Anti-Corruption Committee, the Company's Chairman of the Bribery Prevention Committee, the Company's Chairman of the Fair Competition Committee, the Company's Chairman of the Fair Trading Committee, the Company's Chairman of the Fair Dealing Committee, the Company's Chairman of the Fair Information Committee, the Company's Chairman of the Fair Access Committee, the Company's Chairman of the Fair Competition Committee, the Company's Chairman of the Fair Trading Committee, the Company's Chairman of the Fair Dealing Committee, the Company's Chairman of the Fair Information Committee, the Company's Chairman of the Fair Access Committee.
4. The resolutions 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 further resolutions will be registered. In order to allow for the registration of resolutions at the EGM, all resolutions to be considered by the Company at the EGM must be lodged with the Company Secretary, the Company's General Manager, the Company's Director, the Company's Chairman, the Company's President, the Company's Vice President, the Company's Managing Director, the Company's Executive Director, the Company's Non-Executive Director, the Company's Independent Non-Executive Director, the Company's Chairman of the Board, the Company's Chairman of the Executive Committee, the Company's Chairman of the Audit Committee, the Company's Chairman of the Remuneration Committee, the Company's Chairman of the Nominations Committee, the Company's Chairman of the Sustainability Committee, the Company's Chairman of the Environmental, Social and Governance Committee, the Company's Chairman of the Risk Management Committee, the Company's Chairman of the Compliance Committee, the Company's Chairman of the Internal Control Committee, the Company's Chairman of the Information Management Committee, the Company's Chairman of the Human Resources Committee, the Company's Chairman of the Finance Committee, the Company's Chairman of the Technology Committee, the Company's Chairman of the Research and Development Committee, the Company's Chairman of the Marketing Committee, the Company's Chairman of the Sales Committee, the Company's Chairman of the Customer Service Committee, the Company's Chairman of the Supplier Management Committee, the Company's Chairman of the Environmental Protection Committee, the Company's Chairman of the Social Responsibility Committee, the Company's Chairman of the Corporate Governance Committee, the Company's Chairman of the Anti-Corruption Committee, the Company's Chairman of the Bribery Prevention Committee, the Company's Chairman of the Fair Competition Committee, the Company's Chairman of the Fair Trading Committee, the Company's Chairman of the Fair Dealing Committee, the Company's Chairman of the Fair Information Committee, the Company's Chairman of the Fair Access Committee, the Company's Chairman of the Fair Competition Committee, the Company's Chairman of the Fair Trading Committee, the Company's Chairman of the Fair Dealing Committee, the Company's Chairman of the Fair Information Committee, the Company's Chairman of the Fair Access Committee, before 4:30 p.m. on Tuesday, 12 November 2019. In order to allow for the resolution of the Special Dividend, all resolutions to be considered by the Company at the EGM must be lodged with the Company Secretary, the Company's General Manager, the Company's Director, the Company's Chairman, the Company's President, the Company's Vice President, the Company's Managing Director, the Company's Executive Director, the Company's Non-Executive Director, the Company's Independent Non-Executive Director, the Company's Chairman of the Board, the Company's Chairman of the Executive Committee, the Company's Chairman of the Audit Committee, the Company's Chairman of the Remuneration Committee, the Company's Chairman of the Nominations Committee, the Company's Chairman of the Sustainability Committee, the Company's Chairman of the Environmental, Social and Governance Committee, the Company's Chairman of the Risk Management Committee, the Company's Chairman of the Compliance Committee, the Company's Chairman of the Internal Control Committee, the Company's Chairman of the Information Management Committee, the Company's Chairman of the Human Resources Committee, the Company's Chairman of the Finance Committee, the Company's Chairman of the Technology Committee, the Company's Chairman of the Research and Development Committee, the Company's Chairman of the Marketing Committee, the Company's Chairman of the Sales Committee, the Company's Chairman of the Customer Service Committee, the Company's Chairman of the Supplier Management Committee, the Company's Chairman of the Environmental Protection Committee, the Company's Chairman of the Social Responsibility Committee, the Company's Chairman of the Corporate Governance Committee, the Company's Chairman of the Anti-Corruption Committee, the Company's Chairman of the Bribery Prevention Committee, the Company's Chairman of the Fair Competition Committee, the Company's Chairman of the Fair Trading Committee, the Company's Chairman of the Fair Dealing Committee, the Company's Chairman of the Fair Information Committee, the Company's Chairman of the Fair Access Committee, before 4:30 p.m. on Thursday, 21 November 2019.
5. References to time and date of this notice are to Hong Kong time and date.

NOTICE OF EGM

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

E *D* :

WANG Donglei

WANG Dongming

XIAO Y

WANG Kedong

CHAN Kim Yung, Esq.

- *D* :

YE Yong

I - *D* :

LEE Kong Wai, Esq.

WANG Xiaohua

WEI Hongyong

SU Liang