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NVC LIGHTING HOLDING LIMITED

雷士照明控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2222)

REVISED ANNUAL CAP FOR THE TRANSACTIONS CONTEMPLATED UNDER THE ETIC PURCHASE AGREEMENT

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In view of the better-than-expected demand for ETIC's products, the Company expects that the original annual cap for the transactions under the ETIC Purchase Agreement for the year ended 31 December 2019 will not be sufficient to meet the Company's requirements. Accordingly, the Board approved to revise upward the annual cap for the transactions under the ETIC Purchase Agreement for the year ended 31 December 2019.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ETIC is a substantial shareholder of the Company holding approximately 20.59% of the Company's share capital and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions between the Group and ETIC constitute connected transactions of the Company under the Listing Rules.

As one or more of the applicable Percentage Ratios calculated based on the Revised Annual Cap under the ETIC Purchase Agreement is more than 0.1% but less than 5%, the transactions under the ETIC Purchase Agreement are subject to the reporting, announcement and annual review requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND INFORMATION

We refer to the announcements of the Company dated 28 August 2013, 22 January 2016, 29 November 2016 and 10 December 2018, in which the Company set out detailed information in relation to certain continuing connected transactions, including, among others, the transactions between the Group and ETIC, which are governed by the ETIC Purchase Agreement.

In view of the better-than-expected demand for ETIC's products, the Company expects that the original annual cap for the transactions under the ETIC Purchase Agreement for the year ended 31 December 2019 will not be sufficient to meet the Company's requirements. Accordingly, the Board approved to revise upward the annual cap for the transactions under the ETIC Purchase Agreement for the year ended 31 December 2019.

DETAILS OF THE ETIC PURCHASE AGREEMENT AND REVISED ANNUAL CAP

The ETIC Purchase Agreement

Principal Terms of the ETIC Purchase Agreement:

Parties: The Company and ETIC

Transaction: Pursuant to the ETIC Purchase Agreement, the Group agrees to purchase finished products and raw materials including but not limited to LED chips, LED power sources and LED lamp products from ETIC and its associates on a non-exclusive basis. The quality, quantity and technical standards of the products delivered by ETIC and its associates must meet the Company's standards as set out in the sub-contract for each purchase order.

Pricing: The prices charged by ETIC and its associates will be agreed following arm's length negotiations between the parties with reference to the prevailing market price. In determining the market price, the business department of the relevant subsidiary of the Company shall collect the relevant market information (including but not limited to the price for the same or similar type of finished products and raw materials), review and compare the costs and profits of transactions conducted in the most recent year of the same or similar type entered into with ETIC or at least two independent third parties, and prepare fee quotes for review by the management department of the relevant subsidiary of the Company, and the marketing department of the relevant subsidiary may need to further submit the fee quotes to the management of such subsidiary for review depending on the actual situations (such as the amount and size of the transaction).

Term of the Agreement: The term of the ETIC Purchase Agreement is three years commencing from 1 January 2019.

Historical Amounts

The existing annual caps for the amount payable by the Group under the original ETIC Purchase Agreement (as revised on 29 November 2016) for the years ended 31 December 2016, 2017 and 2018 are RMB120 million, RMB130 million and RMB140 million, respectively. The actual amount paid/payable by the Group under the original ETIC Purchase Agreement for the years ended 31 December 2016, 2017 and 2018 were RMB109.83 million, RMB124.25 million and RMB125.42 million, respectively.

Original Annual Caps

The original annual caps of the purchase price payable by the Group under the ETIC Purchase Agreement for each of the three years ended 31 December 2019, 2020 and 2021 are RMB98 million, RMB98 million and RMB98 million, respectively.

Revised Annual Cap

The proposed Revised Annual Cap of the purchase price payable by the Group under the ETIC Purchase Agreement for the year ended 31 December 2019 is RMB180 million and the annual caps for the two years ended 31 December 2020 and 2021 remain the same. In determining the above Revised Annual Cap, the Board took into account historical data on purchasing similar products from other suppliers, the historical actual transaction amount paid/payable by the Group under the original ETIC Purchase Agreement for the years ended 31 December 2017 and 2018, the upcoming excess of the expected transaction amount paid/payable by the Group under the ETIC Purchase Agreement in 2019, the expected future demand of the Group on the relevant products for the years ended 31 December 2020 and 2021 and the expected market prices of LED chips, LED power sources, LED lamp products and other related products.

Reasons for and Benefits of the ETIC Purchase Agreement

The Company entered into the ETIC Purchase Agreement given the Group has a continuous demand for such finished products and raw materials in the next three years and the fees charged by ETIC and its associates are competitive.

INFORMATION OF THE COMPANY AND THE COUNTERPARTIES

The Company

The Company is a leading supplier of lighting products in China (including the Mainland China, Hong Kong and Macau Special Administrative Region). We designs, develops, produces, markets and sells a variety of lighting products, with a strong focus on energy-saving products.

ETIC

ETIC is a company incorporated in the PRC with limited liability, which is principally engaged in production and sale of small household appliances and LED products. As of the date of this announcement, ETIC indirectly holds approximately 20.59% of the Company's issued share capital. Therefore, ETIC is a substantial shareholder of the Company under the Listing Rules.

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As one or more of the applicable Percentage Ratios calculated based on the Revised Annual Cap under the ETIC Purchase Agreement is more than 0.1% but less than 5%, the transactions under the ETIC Purchase Agreement are subject to the reporting, announcement and annual review requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the ETIC Purchase Agreement and the Revised Annual Cap are on normal commercial terms and fair and reasonable, and are entered into in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole.

Mr. Wang Donglei, who concurrently serves as a Director and a director of ETIC, is deemed to have a material interest in the continuing connected transactions between the Company and ETIC and its affiliates and has abstained from voting on the Board resolutions in relation to the proposed transactions and their proposed annual caps under the Agreement. Mr. Wang Dongming and Mr. Wang Kevin Dun, being the brother and son of Mr. Wang Donglei, also voluntarily abstained from voting on the Board resolution in relation to the same matter.

DEFINITION

“affiliates”	in relation to any party, another entity which is directly or indirectly controlled by or under common control with, or in control of, that party, “control” here refers to the ownership of more than 50% of the voting shares or the registered capital of an entity, or the power to appoint or elect a majority of the directors or managers or the power to direct the management of an entity through any other way. In relation to ETIC, the Company shall not be considered an affiliate of ETIC.
“associate”	has the meaning ascribed thereto under the Listing Rules.
“Board”	the board of Directors.
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement, shall not include Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan.
“Company”	NVC Lighting Holding Limited.
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules.
“Director(s)”	the director(s) of the Company.
“ETIC”	Elec-Tech International Co., Ltd.* (廣東德豪潤達電氣股份有限公司), a PRC incorporated company which is currently listed on the Shenzhen Stock Exchange and a substantial shareholder of the Company.

“ETIC Purchase Agreement”	a framework finished products and raw material purchase agreement entered into between the Company and ETIC on 10 December 2018 as amended or supplemented from time to time.
“Group”	the Company and its subsidiaries.
“LED”	Light-Emitting Diode.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Percentage Ratios”	has the meaning ascribed to it under Chapter 14 of Listing Rules.
“Revised Annual Cap”	the revised annual cap proposed for the continuing connected transactions under the ETIC Purchase Agreements for the year ended 31 December 2019.
“RMB”	Renminbi, the lawful currency of the PRC.
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules.
“we”, “us” or “our”	the Company or our Group (as the context may require).
*	<i>denotes English translation of the name of a Chinese company or entity and is provided for identification purposes only</i>

By Order of the Board
NVC Lighting Holding Limited
Wang Donglei
Chairman

Hong Kong, 21 August 2019

As at the date of this announcement, the directors of the Company are:

Executive Directors:

WANG Donglei
WANG Dongming
XIAO Yu
WANG Keven Dun
CHAN Kim Yung, Eva

Non-executive Director:

YE Yong

Independent Non-executive Directors:

LEE Kong Wai, Conway
WANG Xuexian
WEI Hongxiong
SU Ling