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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)

**ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS**

The Board announces that, on 22 December 2017, the Company entered into (i) the Transportation and Warehousing Services Framework Agreement with ETIC, pursuant to which the Group agrees to provide transportation and warehousing services to ETIC and its associates; and (ii) the Sales Framework Agreement with NVC Singapore, pursuant to which the Group agrees to sell finished products to NVC Singapore and its associates.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ETIC is a substantial shareholder of the Company holding approximately 24.30% of the Company's issued share capital. Therefore ETIC is 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 annual caps under the Transportation and Warehousing Services Framework Agreement is more than 0.1% but less than 5%, the transactions under the Transportation and Warehousing Services Framework 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.

As at the date of this announcement, Mr. Wang Dongming holds 60% equity interest of NVC Singapore. Mr. Wang Dongming is also an executive Director of the Company. Therefore NVC Singapore is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions between the Group and NVC Singapore constitute connected transactions of the Company under the Listing Rules.

As one or more of the applicable Percentage Ratios calculated based on the annual caps under the Sales Framework Agreement is more than 0.1% but less than 5%, the transactions under the Sales Framework 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

The Board announces that, on 22 December 2017, the Company entered into (i) the Transportation and Warehousing Services Framework Agreement with ETIC, pursuant to which the Group agrees to provide transportation and warehousing services to ETIC and its associates; and (ii) the Sales Framework Agreement with NVC Singapore, pursuant to which the Group agrees to sell finished products to NVC Singapore or its associates.

TRANSPORTATION AND WAREHOUSING SERVICES FRAMEWORK AGREEMENT

Principal Terms of the Transportation and Warehousing Services Framework Agreement

Parties	The Company (as the service provider); and ETIC (as the purchaser)
Transaction	Pursuant to the Transportation and Warehousing Services Framework Agreement, the Group agrees to provide transportation and warehousing services to ETIC and its associates on a non-exclusive basis. Individual agreements will be entered into between the parties with respect to the specific services pursuant to the terms of the Transportation and Warehousing Services Framework Agreement. Such individual agreements will be entered in the ordinary and usual course of business and on normal commercial terms. The payment arrangement should be provided in the individual agreements.
Pricing	The prices charged by the Group will be agreed upon arm's length negotiations between the parties with reference to the prevailing market price. In determining the market price, the business department of the Company shall collect the relevant market information, including but not limited to the price for the same or similar type of services quoted by at least two transportation and warehousing services providers who are independent third parties, and prepare fee quotes for review by the marketing department of the Company, and the marketing department of the Company may further submit the fee quotes to the management of the Company for review depending on the actual situations (such as the amount and size of the transaction).
Term of the Agreement	The term of the Transportation and Warehousing Services Framework Agreement is three years commencing from 1 January 2018.

Proposed Annual Caps

The proposed annual caps contemplated under the Transportation and Warehousing Services Framework Agreement for each of the three years ending 31 December 2018, 2019 and 2020 are RMB60,000,000, RMB80,000,000 and RMB100,000,000, respectively. The Board determined the above annual caps after taking into account of (i) the historical transaction volume between ETIC and other logistic service providers; (ii) the expected growth of ETIC's sales volume; and (iii) the prevailing price in the logistic market.

Reasons for and Benefits of the Transportation and Warehousing Services Framework Agreement

The procurement and logistics department of the Company has been operating the Company's logistics and warehousing for over ten years. In consideration of the abundant experience and strong capacity of the procurement and logistics department, the Company plans to establish a subsidiary based on the procurement and logistics department, which can provide logistics and warehousing services for both internal use and external customers.

The entering of the Transportation and Warehousing Services Framework Agreement will enable the Company to (i) enhance the customer base in the field of transportation and warehousing services; and (ii) expand sources of income by providing transportation and warehousing services.

The Directors (including the independent non-executive Directors) consider that the Transportation and Warehousing Services Framework Agreement is entered into on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole, and the terms of the Transportation and Warehousing Services Framework Agreement are fair and reasonable.

Mr. Wang Donglei, who concurrently serves as an executive Director and the chief executive officer of the Company and a director of ETIC, Mr. Li Huating, who concurrently serves as a non-executive Director of the Company and a director of ETIC, Mr. Wang Dongming, brother of Mr. Wang Donglei and an executive Director of the Company, are deemed to have a material interest in the Transportation and Warehousing Services Framework Agreement and have abstained from voting on the Board resolution in relation to the Transportation and Warehousing Services Framework Agreement. Mr. Wang Keven Dun, son of Mr. Wang Donglei, has voluntarily abstained from voting on the Board resolution in relation to the Transportation and Warehousing Services Framework Agreement.

SALES FRAMEWORK AGREEMENT

Principal Terms of the Sales Framework Agreement

Parties	The Group (as the seller); and NVC Singapore (as the purchaser)
Transaction	Pursuant to the Sales Framework Agreement, the Group agrees to sell finished products, including but not limited to LED luminaire products, to NVC Singapore and its associates on a non-exclusive basis. Individual agreements will be entered into between the parties with respect to the specific finished products pursuant to the terms of the Sales Framework Agreement. Such individual agreements will be entered in the ordinary and usual course of business and on normal commercial terms. The payment arrangement should be provided in the individual agreements.

Pricing

The prices charged by the Group for the finished products will be agreed upon arm's length negotiations between the parties with reference to the market price for the same or similar type of products provided in the same or surrounding regions. In determining the market price, the business department of the Company shall collect the relevant market information (including the price for the same or similar type of products in the same or surrounding regions), review and compare the costs and profits of transactions conducted in the most recent year of the same or similar type with at least two independent third parties, and prepare fee quotes for review by the marketing department of the Company, and the marketing department of the Company may further submit the fee quotes to the management of the Company for review depending on the actual situations (such as the amount and size of the transaction).

Term of the Agreement

The term of the Sales Framework Agreement is three years commencing from 1 January 2018.

Proposed Annual Caps

The proposed annual caps under the Sales Framework Agreement for each of the three years ending 31 December 2018, 2019 and 2020 are RMB20,000,000, RMB30,000,000 and RMB40,000,000, respectively. The Board determined the above annual caps after taking into account of (i) the Group's historical sales volume of similar products to other customers; (ii) the expected sales volume of NVC Singapore; and (iii) the prevailing market price of LED products.

Reasons for and Benefits of the Sales Framework Agreement

The Company entered into the Sales Framework Agreement in consideration of the expected demand for the finished products, including but not limited to LED luminaire products, by NVC Singapore and its associates in the next three years. The entering of the Sales Framework Agreement will facilitate the penetration of the Company's products into Singapore and ASEAN market and enhance the Company's brand awareness.

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

Mr. Wang Dongming, who is the controlling shareholder and a director of NVC Singapore, is deemed to have a material interest in the Sales Framework Agreement and has abstained from voting on the Board resolution in relation to the Sales Framework Agreement. Mr. Wang Donglei, brother of Mr. Wang Dongming, and Mr. Wang Keven Dun, nephew of Mr. Wang Dongming, have voluntarily abstained from voting on the Board resolution in relation to the Sales Framework Agreement.

INFORMATION OF THE PARTIES

The Company

The Company is a leading supplier of lighting products in the PRC. It 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 24.30% of the Company's issued share capital. Therefore, ETIC is a substantial shareholder of the Company under the Listing Rules.

NVC Singapore

NVC Singapore is an exempt private company incorporated in Singapore with limited liability, which is mainly engaged in general wholesale trade of lighting and electrical products, and retail sale via mail order or via Internet. As at the date of this announcement, Mr. Wang Dongming holds 60% equity interest of NVC Singapore.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ETIC is a substantial shareholder of the Company holding approximately 24.30% of the Company's issued share capital. Therefore ETIC is 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 annual caps under the Transportation and Warehousing Services Framework Agreement is more than 0.1% but less than 5%, the transactions under the Transportation and Warehousing Services Framework 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.

As at the date of this announcement, Mr. Wang Dongming holds 60% equity interest of NVC Singapore. Mr. Wang Dongming is also an executive Director of the Company. Therefore NVC Singapore is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions between the Group and NVC Singapore constitute connected transactions of the Company under the Listing Rules.

As one or more of the applicable Percentage Ratios calculated based on the annual caps under the Sales Framework Agreement is more than 0.1% but less than 5%, the transactions under the Sales Framework 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.

DEFINITIONS

“ASEAN”	Association of Southeast Asian Nations
“Associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Company”	NVC Lighting Holding Limited (雷士照明控股有限公司), a company incorporated in the British Virgin Islands on 2 March 2006 and subsequently redomiciled to the Cayman Islands on 30 March 2010 as an exempted company with limited liability under the laws of the Cayman Islands. The issued Shares of the Company are listed on the main board of The Stock Exchange of Hong Kong Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	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
“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
“NVC Singapore”	NVC Lighting & Electrical Technology Singapore PTE. LTD., an exempt private company incorporated in Singapore with limited liability and a subsidiary of the Mr. Wang Dongming
“Percentage Ratios”	has the meaning ascribed to it under Chapter 14 of Listing Rules.
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Framework Agreement”	the sales framework agreement entered between the Company and NVC Singapore on 22 December 2017

“Shareholders” shareholders of the Company

“Transportation and Warehousing Services Framework Agreement” the transportation and warehousing services framework agreement entered between the Company and ETIC on 22 December 2017

By Order of the Board
NVC LIGHTING HOLDING LIMITED
WANG Donglei
Chairman

Hong Kong, 22 December 2017

As at the date of this announcement, the Board consists of the following directors:

Executive Directors:

WANG Donglei
WANG Dongming
XIAO Yu
WANG Keven Dun

Non-executive Directors:

LI Huating
LI Wei
YANG Jianwen

Independent Non-executive Directors:

LEE Kong Wai, Conway
WANG Xuexian
WEI Hongxiong
SU Ling