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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)**

**CONTINUING CONNECTED TRANSACTIONS UNDER**

**THE SALES FRAMEWORK AGREEMENT**

**AND**

**THE TRANSPORTATION AND WAREHOUSING  
SERVICE FRAMEWORK AGREEMENT**

#### **BACKGROUND INFORMATION**

The Board is pleased to announce that, on 20 December 2018, the Company and Sichuan NVC have entered into the following agreements: (i) the Sales Framework Agreement, pursuant to which the Group agreed to sell finished products and raw materials to Sichuan NVC and its associates; (ii) the Transportation and Warehousing Service Framework Agreement, pursuant to which the Group agreed to provide transportation and warehousing services to Sichuan NVC and its associates.

#### **LISTING RULES IMPLICATIONS**

Mr. Ye Yong was appointed as a non-executive director of the Company on 25 November 2018 and thus constitutes a connected person of the Company under Chapter 14A of the Listing Rules. The spouse of Mr. Ye Yong is interested in over 30% equity interests of Sichuan NVC as at the date of this announcement. Therefore, Sichuan NVC is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being an associate of Mr. Ye Yong. Accordingly, the transactions between the Group and Sichuan NVC 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 of considerations under the Agreements is more than 0.1% but less than 5%, the transactions under the Agreements 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.

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## **CONTINUING CONNECTED TRANSACTIONS**

### **(1) The Sales Framework Agreement**

Principal Terms of the Sales Framework Agreement:

Parties: The Company and Sichuan NVC

Transaction: Pursuant to the Sales Framework Agreement, the Group agreed to sell finished products and raw materials including but not limited to LED luminaire products to Sichuan NVC and its associates on a non-exclusive basis. The quality, quantity and technical standards of the products delivered by the Group must meet Sichuan NVC and its associates' standards as set out in the sub-contract for each sales order.

Pricing: The prices charged by the Group 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 Sichuan NVC 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 management 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 Sales Framework Agreement is three years, commencing from 1 January 2019.

### ***Proposed Annual Caps***

The proposed annual caps of the purchase price receivable by the Group under the Sales Framework Agreement for each of the three years ending 31 December 2019, 2020 and 2021 are RMB38 million, RMB39 million and RMB38 million, respectively. In determining the above annual caps, the Board took into account (1) the historical transaction volume between the Group and Sichuan NVC. For the years ended 31 December 2016, 2017 and nine months ended 30 September 2018, the Group's sales amount of finished products and raw materials to Sichuan NVC and its associates were RMB94.49 million, RMB45.22 million and RMB32.43 million, respectively; (2) the historical data on selling similar products to other customers; (3) the expected growth in the sales volume of the relevant products; and (4) the expected market prices of lighting products.

### ***Reasons for and Benefits of the Sales Framework Agreement***

The Company entered into the Sales Framework Agreement in consideration of the continued demand for such finished products and raw materials by Sichuan NVC and its associates in the next three years and the fact that the fees paid/payable by Sichuan NVC and its associates are competitive.

## **(2) The Transportation and Warehousing Service Framework Agreement**

Principal Terms of the Transportation and Warehousing Service Framework Agreement:

- Parties: The Company and Sichuan NVC
- Transaction: Pursuant to the Transportation and Warehousing Service Framework Agreement, the Group agreed to provide transportation and warehousing services to Sichuan NVC and its associates on a non-exclusive basis. The quality, quantity and technical standards of the services delivered by the Group must meet Sichuan NVC and its associates' standards as set out in the sub-contract for each service order.
- Pricing: The prices charged by the Group 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 services), review and compare the costs and profits of transactions conducted in the most recent year of the same or similar type entered into with Sichuan NVC 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 management 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 Transportation and Warehousing Service Framework Agreement is three years, commencing from 1 January 2019.

### ***Proposed Annual Caps***

The proposed annual caps of the fees receivable by the Group under the Transportation and Warehousing Service Framework Agreement for each of the three years ending 31 December 2019, 2020 and 2021 are RMB1.9 million, RMB2 million and RMB2.1 million, respectively. In determining the above annual caps, the Board took into account (1) the historical transaction volume between Sichuan NVC and its other logistic service providers; (2) the expected growth in the sales volume of Sichuan NVC; and (3) the expected market prices of logistic services.

### ***Reasons for and Benefits of the Transportation and Warehousing Service Framework Agreement***

The Company entered into the Transportation and Warehousing Service Framework Agreement in consideration of the continued demand for such services by Sichuan NVC and its associates in the next three years and the fact that the fees paid/payable by Sichuan NVC and its associates are competitive.

### **LISTING RULES IMPLICATIONS**

Mr. Ye Yong was appointed as a non-executive director of the Company on 25 November 2018 and thus constitutes a connected person of the Company under Chapter 14A of the Listing Rules. The spouse of Mr. Ye Yong is interested in over 30% equity interests of Sichuan NVC as at the date of this announcement. Therefore, Sichuan NVC is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being an associate of Mr. Ye Yong. Accordingly, the transactions between the Group and Sichuan NVC 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 of considerations under the Agreements is more than 0.1% but less than 5%, the transactions under the Agreements 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 Agreements 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. Ye Yong, being a director of the Company and an associate of Sichuan NVC, is deemed to have a material interest in the continuing connected transactions between the Company and Sichuan NVC and its associates and have abstained from voting on the Board resolutions in relation to the proposed transactions and their proposed annual caps under the Agreements.

## INFORMATION OF THE COMPANY AND THE COUNTERPARTIES

### 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.

### Sichuan NVC

Sichuan NVC is a company incorporated in the PRC with limited liability, which is principally engaged in design and provision of indoor and outdoor lighting solutions. As at the date of this announcement, The spouse of Mr. Ye Yong is interested in over 30% equity interests of Sichuan NVC.

### DEFINITION

“Agreements”	the Sales Framework Agreement and the Transportation and Warehousing Service Framework Agreement.
“associate”	has the meaning ascribed thereto under the Listing Rules.
“Board”	the board of directors of the Company.
“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.
“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 the Listing Rules.
“RMB”	Renminbi, the lawful currency of the PRC.
“Sales Framework Agreement”	a framework finished products and raw material sales agreement entered into between the Company and Sichuan NVC on 20 December 2018 as amended or supplemented from time to time.

- “Sichuan NVC” Sichuan NVC Lighting Equipment Operations Co., Ltd.\* (四川雷士照明器材運營有限公司), a PRC incorporated company.
- “substantial shareholder” has the meaning ascribed thereto under the Listing Rules.
- “Transportation and Warehousing Service Framework Agreement” a framework transportation and warehousing service agreement entered into between the Company and Sichuan NVC on 20 December 2018 as amended or supplemented from time to time.

\* *for identification purpose only*

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

Hong Kong, 20 December 2018

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  
CHAN Kim Yung, Eva

*Non-executive Directors:*

LI Huating  
LI Wei  
YE Yong

*Independent Non-executive Directors:*

LEE Kong Wai, Conway  
WANG Xuexian  
WEI Hongxiong  
SU Ling