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CONTINUING CONNECTED TRANSACTIONS UNDER THE AGREEMENT

Principal Terms of the Agreement

- Parties : Huizhou NVC (as the licensor)
Guangdong ETLEC (as the licensee)
- Transaction : Pursuant to the Agreement, Huizhou NVC grants Guangdong ETLEC an exclusive license to use certain PRC registered trademarks of Huizhou NVC, including trademarks comprising the “NVC” and “雷士” brands, on certain Guangdong ETLEC’s light source products and a sole license to use such registered trademarks on certain Guangdong ETLEC’s non-light source products in the PRC.
- Licensing Fee : The trademark licensing fee is agreed based on arm’s length negotiations and is on normal commercial terms, which will be 3% of Guangdong ETLEC’s net sales (after deducting taxes) of products using licensed trademarks “NVC” and “雷士” with an annual cap of RMB18 million, RMB19.5 million, RMB21 million for each year of 2019, 2020 and 2021, respectively. Notwithstanding the above, under no circumstances shall the annual trademark licensing fee payable by Guangdong ETLEC be lower than RMB10 million.
- The licensing fee will be paid on a quarterly basis. Guangdong ETLEC shall pay the licensing fee for each quarter within 15 days after the end of such quarter.
- Term of the Agreement : The term of the Agreement is three years commencing from 1 January 2019.
- Subject to compliance with relevant laws and regulations and relevant stock exchanges’ listing rules (if applicable), Huizhou NVC agrees to extend the license period provided that there is no breach of contract by Guangdong ETLEC.

Proposed Annual Caps

The proposed annual caps of the license fee receivable by the Group under the Agreement for each of the three years ending 31 December 2019, 2020 and 2021 are RMB18 million, RMB19.5 million and RMB21 million, respectively. In determining the above annual caps, the Board took into account the expected Guangdong ETLEC’s sales of products using the licensed trademarks as well as the expected market conditions and demands of the light source products and non-light source products produced by Guangdong ETLEC.

Reasons for and Benefits of the Agreement

To further promote Company's brand name and to expand the scope of the Group's products, the Company decided to enter into the Agreement to enable Guangdong ETLEC to produce certain light source products and non-light source products using Company's registered trademarks. Guangdong ETLEC has a well-established sales channel for light source products and non-light source products which is complementary to the existing product sales channel of the Company. Guangdong ETLEC is a vertically well integrated light source products and non-light source products producer and its product quality and price are very competitive in the market. The Board believes that through cooperation with Guangdong ETLEC, the Company's sales and distribution network coverage on light source products and non-light source products will be further extended, which is expected to further improve the Company's operation results.

INFORMATION OF THE COMPANY AND THE PARTIES

The Company is a leading supplier of lighting products in China. It designs, develops, produces, markets and sells a variety of lighting products, with a strong focus on energy-saving products.

Huizhou NVC is a wholly foreign-owned enterprise with limited liability incorporated in the PRC and mainly engaged in manufacture and sale of lights, luminaries, light transformers, lighting electronic products and other appliances. As at the date of this announcement, Huizhou NVC is a wholly-owned subsidiary of the Company.

Guangdong ETLEC is a company with limited liability incorporated in the PRC and mainly engaged in production and sale of LED products. Guangdong ETLEC is a connected person of the Company under the Listing Rules by virtue of being an associate of ETIC, a substantial shareholder of the Company.

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. Guangdong ETLEC is a subsidiary of ETIC and thus constitutes a connected person of the Company by virtue of being an associate of ETIC. Accordingly, the transactions between the Group and Guangdong ETLEC constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios calculated based on the annual caps of considerations under the Agreement is more than 0.1% but less than 5%, the transactions under the 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 Agreement 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, the brother of Mr. Wang Donglei and a Director, has voluntarily abstained from voting on such Board resolutions.

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.
“Agreement”	a trademark licensing agreement entered into between the Company and Guangdong ETLEC on 2 August 2019 as amended or supplemented from time to time.
“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.
“Group”	the Company and its subsidiaries.
“Guangdong ETLEC”	Guangdong Elec-Tech Lighting Electrical Co., Ltd.* (廣東德豪潤達照明電氣有限公司), a direct wholly-owned subsidiary of ETIC with limited liability incorporated in the PRC on 18 November 2016.

“Huizhou NVC”	Huizhou NVC Lighting Technology Co., Ltd.* (惠州雷士光電科技有限公司), a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 29 April 2006 and our direct wholly-owned subsidiary.
“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.
“RMB”	Renminbi, the lawful currency of the PRC.
“Shareholders”	shareholders of the Company.
“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).

* *denotes English translation of the name of a Chinese company or entity and is provided for identification purposes only*

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

Hong Kong, 2 August 2019

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:

YE Yong

Independent Non-executive Directors:

LEE Kong Wai, Conway
WANG Xuexian
WEI Hongxiong
SU Ling