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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)

**MAJOR AND CONNECTED TRANSACTIONS
IN RELATION TO
THE PROPOSED ACQUISITION OF BLUE LIGHT
AND ITS SUBSIDIARIES**

Financial adviser to the Company

Deloitte. 德勤

Deloitte & Touche Corporate Finance Limited

We refer to the announcement of the Company dated 19 March 2018 in relation to the Previous Acquisition entered into between the Company and Roman International for the acquisition of 40% equity interest in Blue Light at a consideration of RMB315,000,000.

The Board is pleased to announce that on 23 May 2018 (after trading hours), (i) the Company has entered into the Sale and Purchase Agreement I with Roman International, pursuant to which the Company agreed to acquire, and Roman International agreed to sell, the remaining 60% equity interest held by Roman International in Blue Light at a consideration of RMB500,000,000, subject to adjustment by the Purchase Price Compensation or the Excess Profit Reward (as the case may be) and (ii) Zhuhai NVC, a wholly-owned subsidiary of the Company, has entered into the Sale and Purchase Agreement II with Mr. Zhang Peng, pursuant to which Zhuhai NVC agreed to acquire, and Mr. Zhang Peng agreed to sell, 5% equity interest held by Mr. Zhang Peng in Wuhu NVC at a consideration of RMB45,000,000.

As at the date of this announcement, Blue Light indirectly holds 85% equity interest in Wuhu NVC, a company principally engaged in the sale and distribution of lighting products through e-commerce platforms and distribution channels; the Company indirectly holds 10% equity interest in Wuhu NVC, and Mr. Zhang Peng directly holds 5% equity interest in Wuhu NVC.

Upon completion of the Acquisitions, the Target Group will become wholly-owned subsidiaries of the Company.

LISTING RULES IMPLICATIONS

As the Acquisitions are expected to be completed within a 12-month period and they all involve the acquisition of interest in the same group of companies, the Acquisitions will be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the Acquisitions (in aggregate) is more than 25% but less than 100%, the Acquisition I and the Acquisition II (in aggregate) constitute a major transaction for the Company and are therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Zhuhai NVC is a wholly-owned subsidiary of the Company, and Mr. Zhang Peng is the president of Company and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition II also constitutes a connected transaction of the Company under the Listing Rules and is therefore subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Roman International and its ultimate beneficial owner(s) are third parties independent of the Company. The Company will voluntarily comply with the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Acquisition I.

GENERAL

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the Acquisition I and the Acquisition II and an Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interest of the Company and the Shareholders as a whole.

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its opinion and recommendation to the Independent Shareholders in respect of the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 30 June 2018 as additional time is required for preparing the relevant information for inclusion in the circular.

Completion of the Acquisition I and the Acquisition II is each subject to the fulfilment of the conditions precedent to the respective Sale and Purchase Agreement I and Sale and Purchase Agreement II as set out in this announcement. The Acquisition I and the Acquisition II may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

I. INTRODUCTION

We refer to the announcement of the Company dated 19 March 2018 in relation to the Previous Acquisition entered into between the Company and Roman International for the acquisition of 40% equity interest in Blue Light at a consideration of RMB315,000,000.

As at the date of this announcement, Blue Light indirectly holds 85% equity interest in Wuhu NVC, a company principally engaged in the sale and distribution of lighting products through e-commerce platforms and distribution channels; the Company indirectly holds 10% equity interest in Wuhu NVC, and Mr. Zhang Peng directly holds 5% equity interest in Wuhu NVC.

The Board is pleased to announce that on 23 May 2018 (after trading hours), (i) the Company has entered into the Sale and Purchase Agreement I with Roman International, pursuant to which the Company agreed to acquire, and Roman International agreed to sell, the remaining 60% equity interest held by Roman International in Blue Light at a consideration of RMB500,000,000, subject to adjustment by the Purchase Price Compensation or the Excess Profit Reward (as the case may be); and (ii) Zhuhai NVC, a wholly-owned subsidiary of the Company, has entered into the Sale and Purchase Agreement II with Mr. Zhang Peng, pursuant to which Zhuhai NVC agreed to acquire, and Mr. Zhang Peng agreed to sell, 5% equity interest held by Mr. Zhang Peng in Wuhu NVC at a consideration of RMB45,000,000.

II. SALE AND PURCHASE AGREEMENT I

The principal terms and conditions of the Sale and Purchase Agreement I are set out below:

Date 23 May 2018

Parties Purchaser: the Company

Seller: Roman International

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Roman International and its ultimate beneficial owner(s) are third parties independent of the Company.

Assets to be acquired Pursuant to the Sale and Purchase Agreement I, the Company agrees to acquire, and Roman International agrees to sell, the remaining 60% equity interest held by Roman International in Blue Light.

Consideration and payment The initial consideration of the Acquisition I is RMB500,000,000 (subject to adjustment by the Purchase Price Compensation or the Excess Profit Reward as set out below), which shall be paid as follows, provided that Roman International has fulfilled its obligations under the Sale and Purchase Agreement I:

- a) RMB400,000,000 of the initial consideration or in equivalent HKD amount shall be paid by the Company to Roman International within 10 business days after completion of the Acquisition I by wiring transfer or other immediately available payment; and

- b) the rest of the initial consideration, being RMB100,000,000 or HKD in equivalent amount shall be paid by the Company to Roman International within 10 business days after (i) the issuance of the 2018 audited accountants' reports of the Target Group; and (ii) the obtaining of tax clearance certificate (including the tax collection reminder issued by the PRC authorities) by Roman International in respect of the Acquisition I by wiring transfer or other immediately available payment.

The initial consideration of the Acquisition I was determined after arm's length negotiations between the Company and Roman International after having taken into account: (i) the historical operating results of the Target Group, and (ii) the preliminary valuation performed by a third-party valuer using the market approach, according to which the preliminary valuation of 100% equity value of the Target Group (excluding non-controlling interests) is RMB902,375,130.

**Purchase Price
Compensation and
Excess Profit Reward**

Roman International undertakes to the Company that, if the 2018 Actual Net Profit of the Target Group is lower than the Minimum Guaranteed Profit, Roman International shall pay the Purchase Price Compensation in cash as calculated below to the Company within 90 business days after the Target Group issues its 2018 audited accountants' reports.

$$\text{Purchase Price Compensation} = (\text{Minimum Guaranteed Profit} - \text{2018 Actual Net Profit}) \times 7.5 \times 60\%$$

The Company undertakes to Roman International that, if the 2018 Actual Net Profit of the Target Group exceeds the Minimum Guaranteed Profit, the Company shall pay the Excess Profit Reward in cash as calculated below to Roman International within 90 business days after the Target Group issues its 2018 audited accountants' reports.

$$\text{Excess Profit Reward} = (\text{2018 Actual Net Profit} - \text{Minimum Guaranteed Profit}) \times 7.5 \times 60\%$$

The Minimum Guaranteed Profit was arrived at after arm's length negotiations between the Company and Roman International and does not represent the anticipated level of future profits of the Target Group. The multiple of 7.5 was arrived at with reference to the implied price-earnings ratio of the Target Group (excluding non-controlling interests) pursuant to the Acquisition I, calculated as the initial consideration of the Acquisition I (being RMB500,000,000) divided by 60% of the profit attributable to owners of Blue Light for the year ended 31 December 2017.

Notwithstanding the provision above, the Company may directly deduct part or all of the Purchase Price Compensation from the consideration of the Acquisition I at its sole discretion.

The parties confirmed that each of the Purchase Price Compensation and the Excess Profit Reward shall not exceed RMB50,000,000. As such, the consideration of Acquisition I (after adjustment) would range from RMB450,000,000 to RMB550,000,000.

Net asset guarantee

Roman International undertakes to the Company that, if the 2017 Audited Net Asset Value of the Target Group is less than RMB160,000,000, Roman International shall make up (or cause to be made up) to the Target Group the shortfall between the 2017 Audited Net Asset Value and RMB160,000,000 on or before completion of the Acquisition I in a manner to the Company's satisfactory, so as to ensure the audited net asset value of the Target Group will reach or exceed RMB160,000,000.

Conditions precedent

Completion of the Acquisition I is conditional upon the following conditions being fulfilled or, as the case may be, waived by the Company:

- (i) the Company has completed the due diligence on the Target Group with respect to its operation, financial situation and legal issues, the results of which are to the Company's satisfaction. Roman International has caused the Target Group to make rectification and remedy for each issue detected and notified by the Company during the foregoing due diligence, the results of which are to the Company's reasonable satisfaction in all aspects;
- (ii) all the relevant undertakings remain true and accurate and not misleading up to the date of completion of Acquisition I;
- (iii) Roman International has fulfilled or complied with all the relevant undertakings and obligations before completion of the Acquisition I as required under the Sale and Purchase Agreement I;
- (iv) the Board has duly passed the resolution to approve, among others, the Sale and Purchase Agreement I and the Acquisition I;
- (v) Shareholders of the Company have duly passed the resolutions to approve, among others, the Sale and Purchase Agreement I and the Acquisition I in accordance with the requirements under the Listing Rules;
- (vi) all relevant approval, registration, permission, filing, waiver and renunciation have been duly acquired from the government authorities or any other third party;

- (vii) all the required permission and approval have been made by any government, authority or regulatory body, with no orders, law or regulations proposed, promulgated or adopted by any government, authority or regulatory body to forbid or restrict the Acquisition I;
- (viii) Roman International has provided to the Company (and the Company accepts) a list of assets, debts, products, business, commercial contracts and labour contracts which will be substantially affected by the Acquisition I;
- (ix) there has been no material adverse changes since the signing of the Sale and Purchase Agreement I up to and including the date of completion of the Acquisition I;
- (x) there is no final, pending or potential litigation, investigation, inspection, order, judgement or decree against Roman International or any member of the Target Group which will materially and adversely affect its ability to perform any obligation under the Sale and Purchase Agreement I;
- (xi) a PRC legal opinion to the Company's satisfaction has been issued by Roman International's PRC legal advisor approved by the Company;
- (xii) a Hong Kong legal opinion to the Company's satisfaction has been issued by Roman International's Hong Kong legal advisor approved by the Company;
- (xiii) the Target Group has established a proper legal and operational structure to the Company's satisfaction;
- (xiv) the 2017 accountants' reports of the Target Group have been provided to the Company to its satisfaction;
- (xv) the senior management and key personnel of the Target Group has entered into labour or service agreements, transfer of intelligence property agreements, confidentiality agreements, non-competition and non-solicitation agreements with the Target Group, the content and form of which are to the Company's satisfaction; and
- (xvi) Roman International and other related parties of the Acquisition I (except the Company) have duly executed and provided the Company with related transaction documents.

Completion

Completion of the Acquisition I is expected to take place on the fifth business day after all the conditions precedent as set out above having been fulfilled or waived by the Company or another date as the parties may agree in written.

The completion of the Acquisition I shall take place simultaneously with the completion of the Previous Acquisition.

Upon completion of the Previous Acquisition and the Acquisition I, the Company will hold 100% equity interest in Blue Light and indirectly hold, in aggregate, 95% equity interest in Wuhu NVC.

**Non-competition
restriction**

Roman International undertakes to the Company that it will not, for a period of three years after the date of the Sale and Purchase Agreement I, either on its own behalf or jointly with any other person, directly or indirectly:

- (a) approach, canvass, solicit or otherwise act with a view to enticing away from or seeking in competition with any business of Blue Light or any member of the Target Group the custom of any person who at any time during the period of 12 months preceding the completion of the Acquisition I or at any time after the completion of the Acquisition I prior to his ceasing to be engaged by Blue Light or any member of the Target Group is or has been a customer of Blue Light or any member of the Target Group and during such period it must not use its knowledge of or influence over any such customer to or for its own benefit or the benefit of any other person carrying on business in competition with Blue Light or any member of the Target Group or otherwise use its knowledge of or influence over any such customer to the detriment of Blue Light or any member of the Target Group;
- (b) seek to contract with or engage (in such a way as adversely to affect the business of Blue Light or any member of the Target Group as carried on at the date of the Sale and Purchase Agreement I) any person who has been contracted with or engaged to manufacture, assemble, supply or deliver products, goods, materials or services to Blue Light or any member of the Target Group at any time during the period of 12 months preceding the date of the Sale and Purchase Agreement I or, at any time after that, before he ceases to be engaged by Blue Light or any member of the Target Group;
- (c) approach, canvass, solicit, engage or employ or otherwise endeavour to entice away any person who at any time during the period of 12 months preceding the completion of the Acquisition I or (if later) the date of his ceasing to be employed by Blue Light or any member of the Target Group will be or will have been an employee, officer, manager, consultant, subcontractor or agent of Blue Light or any member of the Target Group with a view to the specific knowledge or skills of such person being used by or for the benefit of any person carrying on business in competition with the business carried on by Blue Light or any member of the Target Group; and

- (d) be engaged, concerned or interested, in any capacity, in carrying on any business in competition with the business carried on by Blue Light or any member of the Target Group as carried on at the date of the Sale and Purchase Agreement I in the territory in which such business was carried on at such date, including the PRC.

Personal guarantee agreement

Mr. Kang Baolian, the *de facto* controller of Roman International and a third party independent of the Company and its connected persons, will enter into a personal guarantee agreement with the Company to the Company's benefits in respect of the obligations and liabilities of Roman International under the Previous Acquisition and the Acquisition I, the content and form of which shall be to the Company's satisfaction.

III. SALE AND PURCHASE AGREEMENT II

The principal terms and conditions of the Sale and Purchase Agreement II are set out below:

Date 23 May 2018

Parties Purchaser: Zhuhai NVC

Seller: Mr. Zhang Peng

Target company: Wuhu NVC

Assets to be acquired Pursuant to the Sale and Purchase Agreement II, Zhuhai NVC agrees to acquire, and Mr. Zhang Peng agrees to sell, 5% equity interest held by Mr. Zhang Peng in Wuhu NVC.

Consideration and payment The consideration of the Acquisition II is RMB45,000,000, which shall be paid by wiring transfer in the following manners:

- a) RMB13,500,000 of the consideration shall be paid by the Company to Mr. Zhang Peng at the date of completion of the Acquisition II; and
- b) the rest of the consideration, being RMB31,500,000 shall be paid by the Company to Mr. Zhang Peng within 30 business days after the completion of the Acquisition II, provided that Mr. Zhang Peng has provided the tax clearance certificate to the Company's reasonable satisfaction.

The consideration of the Acquisition II was determined after arm's length negotiations between Zhuhai NVC and Mr. Zhang Peng after having taken into account: (i) the historical operating results of Wuhu NVC, and (ii) the preliminary valuation performed by a third-party valuer using the market approach, pursuant to which the preliminary valuation of 5% equity interest in Wuhu NVC is RMB51,745,000.

Conditions precedent

Completion of the Acquisition II is conditional upon the following conditions being fulfilled or waived by Zhuhai NVC in writing:

- (i) Zhuhai NVC has completed the due diligence on the Wuhu NVC and its subsidiaries with respect to their operation, financial situation and legal issues, the results of which are to the Company's satisfaction;
- (ii) all the relevant undertakings remain true and accurate and not misleading up to the date of completion of Acquisition II;
- (iii) all the undertakings and agreements as set out in the Sale and Purchase Agreement II has been duly performed by Mr. Zhang Peng and Wuhu NVC;
- (iv) shareholders of Zhuhai NVC or the board of directors of Zhuhai NVC have/has duly passed the resolution to approve, among others, the Sale and Purchase Agreement II and the Acquisition II;
- (v) the existing shareholders of Wuhu NVC have duly passed the resolution to approve the Sale and Purchase Agreement II and the Acquisition II, and have agreed to waive their pre-emptive rights in respect of the Acquisition II;
- (vi) all the required permission and approval from government authorities and all relevant consent from third parties have been obtained by the parties, provided that, if applicable, such consents and permission will not materially alter the commercial terms of the Sale and Purchase Agreement II;
- (vii) there has been no material adverse changes in respect of the operational, financial, management or legal position of Wuhu NVC since the signing of Sale and Purchase Agreement II;
- (viii) no orders, law or regulations are proposed, promulgated or adopted by any government authority to forbid or restrict the Acquisition II;
- (ix) there is no pending or threatened litigation, arbitration, administrative penalty or other legal proceedings or any pending or potential action or procedure may be raised by the PRC government authorities against Mr. Zhang Peng, Wuhu NVC or any of its subsidiaries, which will materially and adversely affect their ability to perform the obligations under the Sale and Purchase Agreement II, or substantially and adversely affect the Acquisition II; and

- (x) Wuhu NVC has completed relevant administrative registration and filing of modification and obtained the modified business license, which indicated the 5% equity interests in Wuhu NVC has been held by Zhuhai NVC, and Wuhu NVC has provided the relevant administrative certificates to Zhuhai NVC.

Completion

Completion of the Acquisition II is expected to take place on the fifth business day after all the conditions precedent as set out above having been fulfilled or waived by Zhuhai NVC or another date as the parties may agree in written.

Upon completion of the Previous Acquisition, the Acquisition I and the Acquisition II, the Company will indirectly hold 100% equity interest in Wuhu NVC.

IV. 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.

Roman International

Roman International is a limited company incorporated in Hong Kong. Its principal business activities involve trade and investment of luminaire, luminaire components and LED lighting products.

Zhuhai NVC

Zhuhai NVC is a limited company incorporated in China. Its principal business activities mainly involve development, manufacturing and sale of luminaire, lamp, LED products and applications and home appliances. As at the date of this announcement, the Company indirectly holds the entire equity interests in Zhuhai NVC.

Mr. Zhang Peng

As at the date of this announcement, Mr. Zhang Peng is the president of the Company. Mr. Zhang Peng has about 20 years of experience in sales, brand operations and management. He joined the Group in June 2016.

V. INFORMATION OF THE TARGET GROUP

Blue Light is a limited company incorporated in Hong Kong. Its business activities involve investment holding, design and development of lighting, LED and home appliances, promotion and communications, technology consulting and international trade.

Wuhu NVC is a limited company incorporated in the PRC. The principal business of Wuhu NVC and its subsidiaries is the sale and distribution of lighting products through e-commerce platforms and distribution channels. Wuhu NVC is the main operating subsidiary of Blue Light.

The total original acquisition cost of 100% equity interest in Blue Light by Roman International was HKD500,000, being an amount equals to the registered capital of Blue Light. The total original acquisition cost of 5% equity interest in Wuhu NVC by Mr. Zhang Peng was RMB200,000, being an amount equals to 5% of the registered capital of Wuhu NVC.

As at the date of this announcement, Blue Light indirectly holds 85% equity interest in Wuhu NVC, the Company indirectly holds 10% equity interest in Wuhu NVC and Mr. Zhang Peng directly holds 5% equity interest in Wuhu NVC. Upon completion of the Acquisitions, the Company will hold 100% equity interest in Blue Light, and indirectly hold 100% equity interest in Wuhu NVC.

The Target Group will be consolidated in the accounts of the Company upon completion of the Acquisitions.

VI. FINANCIAL INFORMATION

Set out below is the unaudited combined financial information of Blue Light for the two years ended 31 December 2016 and 2017, respectively, based on the current audit status and subject to final results of the audit of Blue Light:

	Financial year ended 31 December 2016 RMB (millions)	Financial year ended 31 December 2017 RMB (millions)
Profit/(loss) before tax	70.60	162.15
Profit/(loss) after tax	52.45	121.76

VII. REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITIONS

In the past two years, the profitability of lighting product manufacturers has reduced due to the sustained increase in costs of certain metal raw material, components and labour. In 2018, in order to strengthen its core competitiveness and achieve sustainable development, the Group formulated a strategy of gradually transforming from a manufacturing enterprise to a channel enterprise.

The Company entered into the Previous Acquisition in the view that the Previous Acquisition would strengthen the Company's ability to develop and/or cooperate with online-to-offline sales and distribution channels. The Company has been closely monitoring the business and financial performance of the Target Group since the Previous Acquisition and has noted that the Target Group recorded a considerable increase in sales and profit for the four months ended 30 April 2018, as compared to the corresponding period in 2017. The Company believes it is advisable to further acquire the remaining equity interests in Blue Light and consolidate the financial results of the Target Group into the Group. Following the Acquisitions, the Company will continue to expand the variety of its sales and distribution channels and benefit from the collection, analysis and application of big data in respect of consumer behaviour.

Based on the above, the Directors (excluding the independent non-executive Directors whose views will, after receiving the advice from the Independent Financial Advisor, be set out in the letter from the Independent Board Committee in the circular to be despatched to the Shareholders) consider that the terms of the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

No Director has a material interest in the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder, and therefore none of the Directors has abstained from voting on the Board resolution approving the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder.

VIII. LISTING RULES IMPLICATIONS

As the Acquisitions are expected to be completed within a 12-month period and they all involve the acquisition of interest in the same group of companies, the Acquisitions will be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the Acquisitions (in aggregate) is more than 25% but less than 100%, the Acquisition I and the Acquisition II (in aggregate) constitute a major transaction for the Company and are therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Zhuhai NVC is a wholly-owned subsidiary of the Company, and Mr. Zhang Peng is the president of the Company and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition II also constitutes a connected transaction of the Company under the Listing Rules and is therefore subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Roman International and its ultimate beneficial owner(s) are third parties independent of the Company. The Company will voluntarily comply with the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Acquisition I.

IX. GENERAL

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the Acquisition I and the Acquisition II and an Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interest of the Company and the Shareholders as a whole.

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its opinion and recommendation to the Independent Shareholders in respect of the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 30 June 2018 as additional time is required for preparing the relevant information for inclusion in the circular.

Completion of the Acquisition I and the Acquisition II is each subject to the fulfilment of the conditions precedent to the respective Sale and Purchase Agreement I and Sale and Purchase Agreement II as set out in this announcement. The Acquisition I and the Acquisition II may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

X. DEFINITIONS

“2017 Audited Net Asset Value”	the aggregate consolidated net assets of the Target Group as of 31 December 2017 as shown in its audited accountants’ report for the year ended 31 December 2017
“2018 Actual Net Profit”	the aggregate amount of the consolidated net profit of the Target Group as shown in its audited accountants’ report for the fiscal year ending 31 December 2018
“Acquisition I”	the proposed acquisition of 60% equity interest in Blue Light contemplated under the Sale and Purchase Agreement I
“Acquisition II”	the proposed acquisition of 5% equity interest in Wuhu NVC contemplated under the Sale and Purchase Agreement II

“Acquisitions”	the Previous Acquisition, Acquisition I and Acquisition II
“Blue Light”	Blue Light (HK) Trading Co., Limited, a limited company incorporated in Hong Kong
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“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
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the company currently scheduled to take place on or before 16 July 2018 to consider and, if thought fit, approve, among other things, the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder
“Excess Profit Reward”	the amount of reward payable by the Company to Roman International in case the 2018 Actual Net Profit of the Target Group exceeds the Minimum Guaranteed Profit
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	A committee comprising all the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder

“Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than those required to abstain from voting on the resolution(s) at the EGM under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Minimum Guaranteed Profit”	RMB140,000,000
“Previous Acquisition”	the acquisition of 40% equity interest in Blue Light from Roman International pursuant to the sale and purchase agreement entered by the parties on 16 March 2018
“Previous Sales and Purchase Agreement”	the sale and purchase agreement dated 16 March 2018 in relation to the Previous Acquisition
“Purchase Price Compensation”	the amount of compensation payable by Roman International to the Company in case the 2018 Actual Net Profit of the Target Group is lower than the Minimum Guaranteed Profit
“RMB”	Renminbi, the lawful currency of the PRC
“Roman International”	Roman International (HK) Co., Limited, a limited company incorporated in Hong Kong
“Sale and Purchase Agreement I”	the agreement for the sale and purchase of 60% equity interest in the Blue Light entered into between the Company and Roman International dated 23 May 2018
“Sale and Purchase Agreement II”	the agreement for the sale and purchase of 5% equity interest in Wuhu NVC entered into between the Company and Mr. Zhang Peng dated 23 May 2018
“Share(s)”	ordinary share(s) of US\$0.0000001 each in the issued capital of the Company or if there has been a subsequent subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules

“Target Group”	Blue Light and its subsidiaries (including Wuhu NVC but excluding Wuhu Lightyear E-Commerce Limited* (蕪湖光年電子商務有限公司), a wholly-owned subsidiary of Wuhu NVC which has no operations)
“Wuhu NVC”	Wuhu NVC Lighting E-Commerce Limited* (蕪湖雷士照明電子商務有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of Blue Light
“Zhuhai NVC”	Zhuhai NVC Technology Limited* (珠海雷士科技有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company
“%”	per cent

* Denotes English translation of the name of a Chinese company or entity, or vice versa, and is provided for identification purposes only.

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

Hong Kong, 23 May 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

Non-executive Directors:

LI Huating
LI Wei

Independent Non-executive Directors:

LEE Kong Wai, Conway
WANG Xuexian
WEI Hongxiong
SU Ling