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NVC International Holdings Limited
雷士國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2222)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE REMAINING 40% INTEREST
IN A NON WHOLLY-OWNED SUBSIDIARY**

THE ACQUISITION

On 8 March 2024 (Hong Kong time), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendors entered into the Share Purchase Agreement, pursuant to which, the Purchaser agreed to purchase, and the Vendors agreed to sell, the Target Shares, representing 40% of the entire issued share capital of the Target Company, for an initial consideration of SEK6,000,000 (equivalent to approximately US\$582,000).

As at the date of the Share Purchase Agreement, the Target Company was an indirect non wholly-owned subsidiary of the Company and was held as to 60% by the Purchaser, 20% by Shining Beauty and 20% by Opeco. Following completion of the Acquisition, the Target Company has become an indirect wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisition is 5% or more and all of such ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of the Share Purchase Agreement, each of the Vendors held 20% of the entire issued share capital of the Target Company. Accordingly, each of the Vendors was a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Listing Rules. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) each of the Vendors was a connected person at the subsidiary level; (2) the Board has approved the Acquisition; and (3) the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable and the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SHARE PURCHASE AGREEMENT

On 8 March 2024 (Hong Kong time), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendors entered into the Share Purchase Agreement in relation to the Acquisition.

The principal terms of the Share Purchase Agreement are set out below:

Parties

- (i) Purchaser (as purchaser)
- (ii) Shining Beauty (as vendor)
- (iii) Opeco (as vendor)

Subject matter

Pursuant to the Share Purchase Agreement, the Purchaser agreed to acquire the Target Shares, and Shining Beauty and Opeco agreed to sell the Target Shares. The Target Shares represent 40% of the entire issued share capital of the Target Company.

Consideration

The initial consideration payable by the Purchaser under the Share Purchase Agreement is SEK6,000,000 (equivalent to approximately US\$582,000) (subject to adjustment), which should be allocated pro rata to the Vendors (i.e. SEK3,000,000 (equivalent to approximately US\$291,000) to each of Shining Beauty and Opeco). The Purchaser should pay each of the Vendors its pro rata share of the initial consideration by electronic transfer in immediately available funds to each of the Vendors' respective bank accounts upon receipt of the Target Shares on the date of completion of the Acquisition.

Based on the Target Company's EBITDA in the financial years 2024, 2025 and 2026 and 2027, the Vendors may be entitled to a separate earn-out consideration, provided that the maximum total consideration for the sale and purchase of the Target Shares (taking into account both the initial consideration and the earn-out consideration) shall be no more than SEK100 million (equivalent to approximately US\$9.7 million) in aggregate (the "**Earn-Out Consideration**"). The Earn-Out Consideration (if any) shall be calculated as follows:

- (a) the Vendors shall be entitled to an amount corresponding to 15% of the adjusted EBITDA of the Target Company in 2024, to be allocated pro rata to the Vendors ("**Earn-Out 2024**");
- (b) notwithstanding, and independent from, Earn-Out 2024, the Vendors shall be entitled to an amount corresponding to 15% of the adjusted EBITDA of the Target Company in 2025, to be allocated pro rata to the Vendors ("**Earn-Out 2025**");
- (c) notwithstanding, and independent from, Earn-Out 2024 and Earn-Out 2025, the Vendors shall be entitled to an amount corresponding to 15% of the adjusted EBITDA of the Target Company in 2026, to be allocated pro rata to the Vendors ("**Earn-Out 2026**"); and

- (d) the Vendors shall be entitled to a final payment of an amount corresponding to 40% of the net valuation allocated between the Vendors pro rata, less the aggregate amount of: (i) the initial consideration; and (ii) all Earn-Out Consideration already paid out under the Share Purchase Agreement (i.e. through Earn-Out 2024, Earn-Out 2025, and/or Earn-Out 2026) (“**Earn-Out 2027**”).

Payment of Earn-Out 2024, Earn-Out 2025, Earn-Out 2026 and/or Earn-Out 2027 (if any) shall be made by the Purchaser to the Vendors’ respective bank accounts within 30 business days from the approval of the Target Company’s audited annual accounts at the annual general meetings in 2025, 2026, 2027 and 2028, respectively, or, if the Vendors submit a disagreement notice, within 20 business days following the agreement or determination of the Purchaser’s calculations in accordance with the Share Purchase Agreement, and be allocated between the Vendors based on their respective pro rata share.

Basis for determination of the consideration

The consideration was determined through arm’s length negotiations between the Purchaser and Vendors after considering prevailing market conditions, with reference to the audited financial statements for the year ended 31 December 2022 of the Target Company, the earn-out arrangement as set out above, and the benefits that would be brought to the Group by the Acquisition as explained in more details in the section headed “Reasons for and benefits of the Acquisition” in this announcement.

The total consideration payable under the Share Purchase Agreement is funded by the Group’s internal resources.

Completion

Completion of the Acquisition took place on the date of the Share Purchase Agreement.

Post completion

The respective ultimate beneficial owner of each of the Vendors remain as a director in the Target Company following completion of the Acquisition. If any of the ultimate beneficial owner of each of the Vendors terminates his employment and/or resigns as a director of the Target Company (or be terminated/removed for cause) prior to the end of the Earn-Out Period, the Purchaser may resolve in its sole discretion to undertake any actions that the Purchaser deems appropriate in order to ensure control of the operations of the Target Company, including to change the managing director and the board of directors of the Target Company.

INFORMATION ON THE PARTIES

The Purchaser

The Purchaser is a company incorporated and registered in England and Wales with limited liability, and is principally engaged in trading of lamps, luminaries and other lighting products. It is directly wholly-owned by the Company.

Shining Beauty

Shining Beauty is a company incorporated under the laws of Sweden with limited liability, and is principally engaged in investment holding. Shining Beauty is owned as to 100% by Anders Nolbratt.

Opeco

Opeco is a company incorporated under the laws of Sweden with limited liability, and is principally engaged in investment holding. Opeco is owned as to 100% by Thomas Kjellberg.

The Target Company

The Target Company is a company incorporated under the laws of Sweden with limited liability, and is principally engaged in sale and distribution of lighting products in Nordic Region.

Set out below is the audited financial information of the Target Company for the two financial years ended 31 December 2021 and 31 December 2022, respectively:

	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>(SEK)</i>	<i>(SEK)</i>
Profit before taxation	1,846,129	938,871
Profit after taxation	1,390,109	658,837

As at 31 December 2022, the audited net assets of the Target Company was SEK1,264,309 (equivalent to approximately US\$122,638).

To the best of the Company's knowledge, information and belief, as the Vendors were founders of the Target Company, there was no original acquisition cost for the Target Shares.

As at the date of the Share Purchase Agreement, the Target Company was an indirect non wholly-owned subsidiary of the Company and was held as to 60% by the Purchaser, 20% by Shining Beauty and 20% by Opeco. Following completion of the Acquisition, the Target Company has become an indirect wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the design, development, production, promotion and sales of various lighting products. The Group continues to improve lighting business in the United Kingdom and Nordic region by development of brand image and centralising management. Following completion of the Acquisition, the Target Company has become a wholly-owned subsidiary of the Company, which will be conducive to improving its decision-making efficiency with regard to its operation.

The Directors (including the independent non-executive Directors) consider the terms of the Share Purchase Agreement are fair and reasonable and the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Share Purchase Agreement or is required to abstain from voting from the Board resolutions for considering and approving the same pursuant to the articles of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisition is 5% or more and all of such ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of the Share Purchase Agreement, each of the Vendors held 20% of the entire issued share capital of the Target Company. Accordingly, each of the Vendors was a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Listing Rules. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) each of the Vendors was a connected person at the subsidiary level; (2) the Board has approved the Acquisition; and (3) the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable and the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Target Shares by the Purchaser from the Vendors pursuant to the terms of the Share Purchase Agreement
“Board”	board of Directors
“Company”	NVC International Holdings Limited (雷士國際控股有限公司)(formerly known as 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 shares of which are listed on the Main Board of the Stock Exchange

“connected persons(s)”	has the meanings as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Earn-Out Period”	the period from 1 January 2024 until and including 31 December 2027
“EBITDA”	earnings before interest, taxation, depreciation and amortisation
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Opeco”	Opeco AB, a limited liability company incorporated under the laws of Sweden
“Purchaser”	NVC Lighting Limited, a limited liability company incorporated and registered in England and Wales
“SEK”	Swedish Krona, the lawful currency of Sweden
“Share Purchase Agreement”	the share purchase agreement dated 7 March 2024 (being 8 March 2024 (Hong Kong time)) entered into between the Purchaser and the Vendors in relation to the Acquisition
“Share(s)”	ordinary share(s) of US\$0.000001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shining Beauty”	Shining Beauty AB, a limited liability company incorporated under the laws of Sweden

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	NVC Lighting AB, a limited liability company incorporated under the laws of Sweden and an indirect wholly-owned subsidiary of the Company following completion of the Acquisition
“Target Shares”	20,000 shares, representing 40% of the entire issued share capital of the Target Company
“Vendors”	Shining Beauty and Opeco
“%”	Per cent.

By Order of the Board
NVC International Holdings Limited
WANG Donglei
Chairman

Hong Kong, 8 March 2024

For the purpose of this announcement, the exchange rate of SEK1 to US\$0.097 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at all.

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

Executive Directors:

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

Non-executive Director:

YE Yong

Independent Non-executive Directors:

LEE Kong Wai, Conway
 WANG Xuexian
 CHEN Hong