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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in NVC International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION
OF SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and Independent Shareholders**



A letter from the Board is set out on pages 4 to 15 of this circular. A letter from the Independent Board Committee is set out on pages 16 to 17 of this circular. A letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 32 of this circular.

A notice convening the EGM to be held at Admiralty & The Peak, 3/F, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 10:30 a.m. on Monday, 21 August 2023 is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM (as defined herein) is enclosed with this circular. Whether or not you propose to attend the EGM, you are requested to complete the accompanying form of proxy for use at the EGM in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so desire.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.nvc-international.com>).

References to time and dates in this circular are to Hong Kong time and dates.

4 August 2023

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Announcement”	the announcement of the Company dated 9 July 2023 in relation to, among others, the Proposed Subscription
“Board”	the 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
“Completion”	the completion of the Proposed Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Date”	the date on which the Completion shall take place, which shall be two business days following the written notice from the Company to the Subscriber notifying the satisfaction of the conditions precedent, or such other date as agreed in writing between the Company and the Subscriber
“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 to be convened and held at Admiralty & The Peak, 3/F, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 10:30 a.m. on Monday, 21 August 2023 to consider and, if thought fit, to approve the Subscription Agreement, the transaction contemplated thereunder and the grant of the Specific Mandate to allot and issue the Subscription Shares

DEFINITIONS

“ETIC”	Elec-Tech International Co., Ltd.* (安徽德豪潤達電氣股份有限公司)(formerly known as Elec-Tech International Co., Ltd.* (廣東德豪潤達電氣股份有限公司)), a PRC incorporated company whose shares are currently listed on the Shenzhen Stock Exchange (stock code: 002005.SZ) and is a substantial shareholder of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the Proposed Subscription
“Independent Shareholders”	Shareholder(s) other than those who are required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM
“Last Trading Day”	7 July 2023, being the last full trading day in the Shares prior to the date of the Subscription Agreement
“Latest Practicable Date”	31 July 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date upon the expiry of six (6) months from the date of the Subscription Agreement, or such other date as the parties may agree in writing

DEFINITIONS

“Proposed Subscription”	the subscription of an aggregate of 845,456,130 Subscription Shares by the Subscriber in accordance with the terms and conditions of the Subscription Agreement
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	ordinary share(s) of US\$0.0000001 each 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 share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM and to be granted to the Board for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Canopy Capital Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. WANG Keven Dun
“Subscription Agreement”	the subscription agreement dated 9 July 2023 entered into between the Company and the Subscriber in relation to the Proposed Subscription
“Subscription Price”	HK\$0.083 per Subscription Share
“Subscription Shares”	an aggregate of 845,456,130 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement, each a Subscription Share
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

* *for identification purpose only*

LETTER FROM THE BOARD



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)

Executive Directors:

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

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Non-Executive Director:

YE Yong

Principle place of business in

Hong Kong:

Unit 705, 7/F., Building 20E
Phase 3, Hong Kong Science Park
Pak Shek Kok
New Territories
Hong Kong

Independent Non-executive Directors:

LEE Kong Wai, Conway
WANG Xuexian
CHEN Hong

Hong Kong, 4 August 2023

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
THE SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Announcement in relation to, among others, the Proposed Subscription. On 9 July 2023, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 845,456,130 Subscription Shares at the Subscription Price of HK\$0.083 per Subscription Share for a total consideration of HK\$70,172,858.79 in cash.

LETTER FROM THE BOARD

This circular sets out, among others, (i) details of the Subscription Agreement and the transaction contemplated thereunder (including the Specific Mandate); (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Subscription Agreement and the transaction contemplated thereunder; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Subscription; and (iv) a notice of the EGM.

2. THE PROPOSED SUBSCRIPTION

The principal terms of the Subscription Agreement are set out below:

Date	9 July 2023
Parties	The Company (as the issuer) and the Subscriber (as the subscriber)
Number of Subscription Shares	<p>845,456,130 Shares, which represent (i) approximately 20.0% of the total number of issued Shares as at the date of the Announcement; and (ii) approximately 16.7% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares immediately upon the Completion, assuming that there will be no other changes in the total number of issued Shares between the date of the Announcement and the allotment and issue of the Subscription Shares.</p> <p>Based on the closing price of the Shares of HK\$0.071 per Share on the Last Trading Day, the Subscription Shares have a market value of HK\$60,027,385.23 and an aggregate nominal value of US\$84.55.</p> <p>The Subscription Shares will be allotted and issued under the Specific Mandate.</p>
Subscription price	<p>The Subscription Price is HK\$0.083 per Subscription Share, and the aggregate Subscription Price of all Subscription Shares of HK\$70,172,858.79 payable by the Subscriber shall be payable in cash upon the Completion. To the best knowledge of the Company, the Subscriber will finance the Proposed Subscription by obtaining a loan from a lending entity. Such lending entity and its ultimate beneficial owner are independent third parties of the Company.</p>

LETTER FROM THE BOARD

The Subscription Price represents:

- (i) a premium of approximately 16.9% to the closing price of HK\$0.071 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 23.9% to the average closing price of HK\$0.067 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (iii) a discount of approximately 90.2% to the audited consolidated net asset value per Share of approximately HK\$0.849 (based on the latest published audited net asset value of the Group of approximately RMB3,283.2 million (equivalent to approximately HK\$3,590.3 million based on the exchange rate of RMB0.91447: HK\$1.00) as disclosed in the 2022 annual report of the Company and 4,227,280,649 issued Shares as at the Latest Practicable Date).

The net Subscription Price (after deduction of all professional fees and related expenses), is estimated to be approximately HK\$0.082 per Subscription Share.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, among other things, (i) the recent market prices of the Shares; (ii) the trading liquidity of the Shares; and (iii) the amount of funds that the Company intends to raise under the Proposed Subscription.

LETTER FROM THE BOARD

In respect of the recent market prices of the Shares, during the last 120, 60, 20, 10 and 5 consecutive trading days preceding the Last Trading Day, the average closing price of the Shares was approximately HK\$0.080, HK\$0.068, HK\$0.067, HK\$0.068 and HK\$0.067. The Subscription Price represents a premium of 4.3%, 22.1%, 23.6%, 22.1% and 23.9% to the average closing prices for the last 120, 60, 20, 10 and 5 consecutive trading days preceding the Last Trading Day, respectively. During the period from 4 July 2022 to Last Trading Day, being a period of approximately one year up to the Last Trading Day (the “**Review Period**”), the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.139 recorded on 11 July 2022 and HK\$0.063 recorded on 11 May 2023 respectively. The Subscription Price of HK\$0.083 falls within the aforesaid closing price range and was considered reasonable.

In respect of the trading liquidity of the Shares, during the Review Period, according to the daily trading volume downloaded from the website of the Stock Exchange, the daily trading volume of the Shares was in the range of 0 shares to 4,660,000 shares, which represents approximately 0% to approximately 0.11% of the total number of issued Shares as at the Last Trading Day and approximately 0% to approximately 0.21% of the total number of Shares held in public hands as at the Last Trading Day. The statistics showed that the liquidity of the Shares was low during the Review Period, which may imply a lack of interest from potential investors in the Shares and as such, it may not be easy for the Company to conduct other alternative equity financing with an issue price at a premium over the prevailing market price of the Shares when considering fundraising exercises in the market such as rights issue or open offer.

LETTER FROM THE BOARD

With regard to the discount between the Subscription Price and the Company's latest net asset value per Share, since (a) the Subscription Price represents a premium of approximately 16.9% to the closing price on the Last Trading Day, (b) the Subscription Price represents a premium, ranging from 4.3% to 23.9%, to the average closing prices for the last 120, 60, 20, 10 and 5 consecutive trading days preceding the Last Trading Day, (c) the Subscription Price falls within the closing price range of the Shares during the Review Period, (d) the Shares have been generally traded at a significant discount to the audited consolidated net asset value per Share in the last 5 years, and (e) the trading liquidity of the Shares was low during the Review Period as illustrated above, the Board considered that when determining the Subscription Price, it would be more appropriate to make reference to the prevailing market price of the Shares, which reflected the market value of the Shares traded on the Stock Exchange instead of making reference to the net asset value per Share, and such Subscription Price was fair and reasonable and in the interest of the Company and shareholders as a whole.

**Ranking of the
Subscription Shares**

The Subscription Shares, when allotted and issued, shall rank *pari passu* in all respects among themselves and with the existing Shares in issue.

Conditions Precedent

The Completion is conditional upon the following conditions being fulfilled:

- (i) the Independent Shareholders having passed at the EGM the resolutions to approve the Subscription Agreement, the transaction contemplated thereunder and the grant of the Specific Mandate for the allotment and issuance of the Subscription Shares;
- (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares and such approval and permission remaining in full force and effect;
- (iii) there having been no breach of any terms of the Subscription Agreement by the Company and the Subscriber in any material respect; and

LETTER FROM THE BOARD

- (iv) no regulatory authority having implemented or enacted any legislation, regulations or decrees to prohibit the Proposed Subscription, and no courts with competent jurisdiction having issued any order or injunction prohibiting or preventing the Proposed Subscription.

In the event that the Completion does not take place on or before the Long Stop Date, the Company and the Subscriber shall negotiate with a view to agreeing on a subsequent date for the Completion. If the Company and the Subscriber are unable to agree on a subsequent date for the Completion, either the Company or the Subscriber shall be entitled to terminate the Subscription Agreement by written notice to the other party, upon which all rights and obligations of the parties to the Subscription Agreement shall terminate, save for any rights and obligations accrued prior to such termination.

The Long Stop Date was determined and agreed between the Company and the Subscriber after taking into consideration the longest estimated time required for (i) preparing and despatching a circular and notice to the shareholders for convening a general meeting; (ii) the notice period for a general meeting; (iii) preparing and holding a general meeting by the Company; (iv) obtaining listing approval of the Subscription Shares from the Stock Exchange; and (v) completing the relevant procedures in relation to issuance of the Subscription Shares.

Taking into consideration (i) the longest estimated time required for completion of the Proposed Subscription as mentioned above, and (ii) the Company and the Subscriber having undertaken to fulfil the conditions precedent as soon as reasonably practicable, the Board considered that the duration of the Long Stop Date was fair, reasonable and in the interest of the Company and its shareholders as a whole.

**Expected Completion
Date**

The Company intends to notify the Subscriber immediately following the satisfaction of the conditions precedent and the Completion shall take place two business days thereafter. The Company expects the Completion to take place before 31 August 2023 subject to the satisfaction of the conditions precedent.

LETTER FROM THE BOARD

Information on the Parties

The Company

The Company is a leading supplier of lighting products in the international market. It designs, develops, produces, markets and sells a variety of lighting products, with a strong focus on energy-saving products, under the NVC brand and third-party brands.

The Subscriber

The Subscriber is a company incorporated in Hong Kong with limited liability and is primarily engaged in investment holding business. The Subscriber is wholly-owned by Mr. WANG Keven Dun, an executive Director and a vice president of the Company, and is therefore an associate of Mr. WANG Keven Dun and a connected person of the Company under Chapter 14A of the Listing Rules.

3. REASONS FOR AND BENEFITS OF THE PROPOSED SUBSCRIPTION

Prior to entering into the Subscription Agreement, the Board has considered other alternative fundraising methods such as debt financing from banks and other forms of equity financing. Regarding the debt financing, the Company has approached its principal banks in Hong Kong and PRC for obtaining additional banking facilities, and the interest rates offered by the banks were approximately 5% to 6% in Hong Kong and 3.5% in the PRC subject to their internal review and approval process. In addition, given that the Company has recorded net losses in 2022, the relevant banks are tightening their loan granting policies or sufficient collaterals are required, it is difficult for the Company to obtain favourable terms with banks for debt financing and the Board considered that the debt financing is a less commercially favourable financing means to the Company. As for other methods of equity financing such as rights issue or open offer, given the low liquidity of and limited interest in the Company's Shares from the capital market, the Board does not consider it feasible to conduct a rights issue or open offer of a meaningful scale and at a price that is higher than the market price.

With regard to the issue of debt securities such as corporate bonds, in view of the few activities in the debt capital market recently and the current financial performance of the Group, it could be difficult for the Company to issue debt securities under the current market conditions.

For the reasons stated above, the Board considered that the issue of the Subscription Shares was an appropriate means of raising additional capital for the Company since (i) the issue of the Subscription Shares to the Subscriber is the most certain and efficient way for the Company to raise this amount of funds under the current market conditions, (ii) the investment made by Mr. WANG Keven Dun through the Subscriber could demonstrate his confidence in the business development and future prospects of the Company, (iii) the capital base of the Company can be broadened at a relatively low cost compared to bank borrowings or the issue of debt securities, and (iv) the financial position of the Group will be improved for developing and expanding the existing and future business of the Group.

LETTER FROM THE BOARD

As of 31 December 2022, the cash and cash equivalents of the Company amounted to RMB592,390,000. However, Brilliant Lights International Holding Pte. Ltd. (“**Brilliant Lights**”), a company in which the Company strategically holds 30% equity interests, has a bank loan of approximately RMB2.5 billion due for repayment in 2024. In case that Brilliant Lights could not refinance its bank loan, as a shareholder of Brilliant Lights, the Company may need to be prepared to inject additional capital to Brilliant Lights to assist it in repaying its bank loan. Accordingly, the Board considers that the Company needs to retain a significant amount of cash balance and raise additional funds for its overseas business development.

4. USE OF PROCEEDS

It is expected that the gross proceeds of the Proposed Subscription will be approximately HK\$70.2 million. The net proceeds of the Proposed Subscription, after the deduction of all professional fee and related expenses, is estimated to be approximately HK\$69.7 million. The Company intends to use the net proceeds of (i) approximately HK\$63.0 million to develop and expand overseas business; and (ii) approximately HK\$6.7 million for the general working capital of the Group, which includes approximately HK\$1.8 million for selling and marketing expenses, and HK\$4.9 million for payment of salary and wages, subject to actual business needs. Since 1 January 2023 and up to the Latest Practicable Date, the Group has entered into (a) nine agreements in relation to enhancement of factory capacity in Vietnam with a total contract value of approximately HK\$2.5 million, and (b) eight agreements in relation to the implementation of global ERP and warehouse system with a total contract value of approximately HK\$8.6 million, respectively. The Group plans to enter into additional agreements for the overseas business development and expansion and implementation of global ERP and warehouse system in the next two years according to the project progress. The Group expects to establish one unified global ERP and warehouse system, which will cover the Group’s main business units in the PRC, the U.S., the UK and Japan, to enhance the Group’s operational efficiency and provide more accurate and useful information to the management in a timely manner, and it is estimated that the cost for the implementation of global ERP and warehouse system will be approximately HK\$10.0 million (including the total contract value of HK\$8.6 million for the eight agreements that have already been signed by the Group). Depending on actual business needs, it is estimated that the net proceeds from the Proposed Subscription will be fully utilized in accordance with its intended purposes within the next two years.

5. FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any fund-raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of the Subscription Agreement and the Announcement.

LETTER FROM THE BOARD

Pursuant to Rule 7.27B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placings that would result in a theoretical dilution effect of 25% or more (on its own or when aggregated within a 12-month period), unless the Stock Exchange is satisfied that there are exceptional circumstances. As (i) the Company has not conducted any rights issue, open offer, or specific mandate placings within a 12-month period immediately preceding the date of the Subscription Agreement and the Announcement; and (ii) based on the benchmarked price of HK\$0.071 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.071 per Share and the average closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement of HK\$0.0674 per Share), there will be no theoretical dilution effect to the Shares as a result of the Proposed Subscription given that the theoretical diluted price of HK\$0.073 per Share is higher than the benchmarked price of HK\$0.071 per Share, the Proposed Subscription and the issue of the Subscription Shares thereunder comply with Rule 7.27B of the Listing Rules.

6. CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the Latest Practicable Date, and (ii) immediately following the Completion, assuming that there will be no other changes in the total number of issued Shares between the Latest Practicable Date and the date of the allotment and issue of the Subscription Shares, is set out below:

Shareholders	As at the Latest Practicable Date		Immediately following the Completion	
	Number of Shares	Approximate Percentage (Note 3)	Number of Shares	Approximate Percentage (Note 3)
Elec-Tech International (H.K.) Company Limited (Note 1)	740,346,000	17.51%	740,346,000	14.59%
SU Lixin	649,350,649	15.36%	649,350,649	12.80%
Rising Wealth Limited (Note 2)	638,400,000	15.10%	638,400,000	12.58%
The Subscriber	–	–	845,456,130	16.67%
Public Shareholders	<u>2,199,184,000</u>	<u>52.02%</u>	<u>2,199,184,000</u>	<u>43.35%</u>
Total	<u>4,227,280,649</u>	<u>100.00%</u>	<u>5,072,736,779</u>	<u>100.00%</u>

Notes:

- As Elec-Tech International (H.K.) Company Limited is a wholly-owned subsidiary of ETIC, ETIC is deemed to be interested in the Shares held by Elec-Tech International (H.K.) Company Limited.
- As Rising Wealth Limited is wholly-owned by Ms. ZHAO Yu, Ms. ZHAO Yu is deemed to be interested in the Shares held by Rising Wealth Limited.
- Certain percentage figures in this table have been subject to rounding adjustments to the nearest 2 decimal places. Accordingly, the aggregate of the percentage figures in the above table may not add up to 100%.

LETTER FROM THE BOARD

7. APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

8. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Subscriber is wholly-owned by Mr. WANG Keven Dun, an executive Director and a vice president of the Company, and is therefore an associate of Mr. WANG Keven Dun and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Proposed Subscription constitutes a connected transaction of the Company and will be subject to the reporting, announcement, circular and Independent Shareholder's approval requirements under Chapter 14A of the Listing Rules. As Mr. WANG Keven Dun is considered to have a material interest in the Proposed Subscription, he had abstained from voting on the Board resolutions of the Company in relation to the Subscription Agreement and the transaction contemplated thereunder. Mr. WANG Donglei, being the father of Mr. WANG Keven Dun, had abstained from voting on the Board resolutions of the Company in relation to the Subscription Agreement and the transaction contemplated thereunder.

9. ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Subscription Agreement are on normal commercial terms or better and fair and reasonable, whether the Proposed Subscription is in the interests of the Company and its shareholders as a whole, whether the Proposed Subscription is in the ordinary and usual course of business of the Group and how to vote at the EGM. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

10. EGM

The EGM will be convened and held to consider and, if thought fit, to pass the ordinary resolution approving the Subscription Agreement, the transaction contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Subscription Shares. As at the Latest Practicable Date, none of the Subscriber, Mr. WANG Keven Dun or Mr. WANG Donglei holds any Shares in the Company. Save as disclosed above, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Proposed Subscription and will be required to abstain from voting on the resolution to approve the Subscription Agreement and the transaction contemplated thereunder (including the grant of the Specific Mandate) at the EGM.

The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.nvc-international.com>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case maybe) (i.e. not later than 10:30 a.m. on Saturday, 19 August 2023). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM in person if you so wish and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

11. CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 16 August 2023 to Monday, 21 August 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Tuesday, 15 August 2023. Shareholders whose names appear on the register of the Shareholders of the Company on Monday, 21 August 2023 will be entitled to attend and vote at the EGM.

12. RECOMMENDATION

Your attention is drawn to: (i) the letter from the Independent Board Committee set out on pages 16 to 17 of this circular, containing its recommendation to the Independent Shareholders in respect of the Subscription Agreement and the transaction contemplated thereunder, (ii) the letter from Gram Capital set out on pages 18 to 32 of this circular, containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Subscription and (iii) additional information of the Group set out in the appendix I to this circular.

The Directors (including the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee, but excluding Mr. WANG Keven Dun and Mr. WANG Donglei) consider that the terms of the Subscription Agreement are on normal commercial terms, fair and reasonable and the Subscription Agreement and the transaction contemplated thereunder are in the interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM.

LETTER FROM THE BOARD

Completion of the Proposed Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement, and the Proposed Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

4 August 2023

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION
OF SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

We refer to the circular issued by the Company dated 4 August 2023 (the “**Circular**”) of which this letter forms a part. Capitalized terms defined in the Circular shall have the same meanings as those used in this letter unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms and conditions of the Subscription Agreement are on normal commercial terms or better and fair and reasonable, whether the Proposed Subscription is in the interests of the Company and its shareholders as a whole, whether the Proposed Subscription is in the ordinary and usual course of business of the Group and how to vote at the EGM. Gram Capital has been appointed as the Independent Financial Adviser in this regard. The “Letter from Gram Capital” containing their recommendation and the principal factors they have taken into account in arriving at their recommendation is set out on pages 18 to 32 of the Circular.

Independent Shareholders are recommended to read the “Letter from the Board”, the “Letter from Gram Capital” contained in the Circular as well as the additional information set out in the appendix I to the Circular. Having considered the terms of the Proposed Subscription and the advice from Gram Capital, we consider that the terms and conditions of the Subscription Agreement (including the Subscription Price) are fair and reasonable and on normal commercial terms, and the Proposed Subscription, although not in the ordinary and usual course of business of the Group, is in the interests of the Company and its shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend that the Independent Shareholders vote in favour of the resolution approving the Subscription Agreement, the transaction contemplated thereunder and the Specific Mandate at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee of
NVC International Holdings Limited

LEE Kong Wai, Conway
*Independent Non-Executive
Director*

WANG Xuexian
*Independent Non-Executive
Director*

CHEN Hong
*Independent Non-Executive
Director*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Subscription for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

4 August 2023

*To: The independent board committee and the independent shareholders
of NVC International Holdings Limited*

Dear Sir/Madam,

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF SHARES BY CONNECTED PERSON

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Subscription, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 4 August 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 9 July 2023, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe for, 845,456,130 Subscription Shares at the Subscription Price of HK\$0.083 per Subscription Share for a total consideration of HK\$70,172,858.79 in cash.

With reference to the Board Letter, the Proposed Subscription constitutes a connected transaction of the Company under the Listing Rules, which is subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Independent Board Committee comprising Mr. LEE Kong Wai, Conway, Mr. WANG Xuexian and Mr. CHEN Hong (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Subscription Agreement are on normal commercial terms or better and are fair and reasonable; (ii) whether the Proposed Subscription is conducted in the ordinary and usual course of the business of the Group and is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Subscription Agreement and transactions contemplated thereunder at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as independent financial adviser in respect of the Company's continuing connected transaction as set out in the Company's circular dated 10 December 2021. Notwithstanding the aforesaid engagement, we were not aware of any relationship or interest between Gram Capital and the Company or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Proposed Subscription. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Subscriber or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposed Subscription. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources and such sources are reliable.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Proposed Subscription, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Proposed Subscription

Information on the Company

With reference to the Board Letter, the Company is a leading supplier of lighting products in the international market. It designs, develops, produces, markets and sells a variety of lighting products, with a strong focus on energy-saving products, under the NVC brand and third-party brands.

LETTER FROM GRAM CAPITAL

Set out below are the audited consolidated financial information of the Group for the two years ended 31 December 2022 as extracted from the Company’s annual report for the year ended 31 December 2022 (the “**2022 Annual Report**”):

	For the year ended 31 December 2022	For the year ended 31 December 2021	Year-on- year change
	<i>RMB’000</i>	<i>RMB’000</i>	<i>%</i>
Revenue	1,888,447	2,374,947	(20.48)
– from PRC market	118,197	251,503	(53.00)
– from international markets	1,770,250	2,123,444	(16.63)
Gross profit	431,452	662,432	(34.87)
(Loss)/profit for the year	(37,484)	33,466	N/A

As depicted from the table above, the Group’s revenue decreased by approximately 20.48% from approximately RMB2,375 million for the year ended 31 December 2021 (“**FY2021**”) to approximately RMB1,888 million for the year ended 31 December 2022 (“**FY2022**”). With reference to the 2022 Annual Report, (i) decrease in the Group’s revenue from PRC market was mainly due to operation suspension of a subsidiary of the Company because of lockdown measures in Shanghai in 2022; and (ii) decrease in the Group’s revenue from international markets was mainly due to weak demand resulted from serious inflation issues and weak economy in international markets.

The Group recorded loss of approximately RMB37 million for FY2022 as compared to profit of approximately RMB33 million for FY2021. With reference to 2022 Annual Report, such change was mainly due to (i) the aforesaid decrease in the Group’s revenue which led to decrease in the Group’s gross profit from FY2021 to FY2022; (ii) other losses for FY2022; and (iii) impairment losses in respect of interests in associates for FY2022, as partially offset by (i) reduction in administrative and other expenses from FY2021 to FY2022; and (ii) share of positive results of associates for FY2022.

With reference to 2022 Annual Report, the Group will continue to optimise the management structure and integrate the overseas business. Based on the business in United States of America and the United Kingdom, it will continue to strengthen the business in the Middle East and Southeast Asia markets, while promoting the developed cost-effective products and intelligent products to different overseas markets. Also, the Group will proactively improve its brand image to enhance its brand awareness in international markets.

LETTER FROM GRAM CAPITAL

Information on Subscriber

With reference to the Board Letter, the Subscriber is a company incorporated in Hong Kong with limited liability and is primarily engaged in investment holding business. The Subscriber is wholly-owned by Mr. WANG Keven Dun, an executive Director and a vice president of the Company, and is therefore an associate of Mr. WANG Keven Dun and a connected person of the Company under Chapter 14A of the Listing Rules.

Reasons for and benefits of the Proposed Subscription

With reference to the Board Letter, prior to entering into the Subscription Agreement, the Board has considered other alternative fundraising methods such as debt financing from banks and other forms of equity financing. Regarding debt financing, the Company has approached its principal banks in Hong Kong and PRC for obtaining additional banking facilities, and the interest rates offered by the banks were approximately 5% to 6% in Hong Kong and 3.5% in the PRC subject to their internal review and approval process. In addition, given that the Company has recorded net losses for FY2022, the relevant banks are tightening their loan granting policies or sufficient collaterals are required, it is difficult for the Company to obtain favourable terms with banks for debt financing and the Board considered that the debt financing is a less commercially favourable financing means to the Company. As for other methods of equity financing such as rights issue or open offer, given the low liquidity of and limited interest in the Company's Shares from the capital market, the Board does not consider it feasible to conduct a rights issue or open offer of a meaningful scale and at a price that is higher than the market price.

With regard to the issue of debt securities such as corporate bonds, in view of the few activities in the debt capital market recently and the current financial performance of the Group, it could be difficult for the Company to issue debt securities under the current market conditions.

For the reasons stated above, the Board considered that the issue of the Subscription Shares is an appropriate mean of raising additional capital for the Company since (i) the issue of the Subscription Shares to the Subscriber is the most certain and efficient way for the Company to raise this amount of funds under the current market conditions; (ii) the investment made by Mr. WANG Keven Dun through the Subscriber could demonstrate his confidence in the business development and future prospects of the Company; (iii) the capital base of the Company can be broadened at a relatively low cost compared to bank borrowings or the issue of debt securities; and (iv) the financial position of the Group will be improved for developing and expanding the existing and future business of the Group.

LETTER FROM GRAM CAPITAL

With reference to 2022 Annual Report, the Group recorded (i) net decrease in cash and cash equivalents of approximately RMB242 million for FY2021 and approximately RMB428 million for FY2022; (ii) net cash used in operating activities of approximately RMB123 million for FY2021 and approximately RMB59 million for FY2022; and (iii) cash and cash equivalents of approximately RMB592 million as at 31 December 2022. With reference to the Board Letter, the Company may need to be prepared to inject additional capital to its associate to assist it in repaying its bank loan. Accordingly, the Board considers that the Company needs to retain a significant amount of cash balance and raise additional funds for its overseas business development. Having considered the Group's net decrease in cash and cash equivalents and net cash used in operating activities for two consecutive financial years and the Group's needs to retain a significant amount of cash balance, we consider that it is reasonable for the Company to conduct the Proposed Subscription to improve the Group's financial position.

Financing alternatives

As aforementioned, prior to entering into the Subscription Agreement, the Board has considered other alternative fundraising methods such as debt financing and other forms of equity financing.

In respect of debt financing, it will incur additional finance costs (as aforementioned, the Company has approached its principal banks in Hong Kong and PRC for obtaining additional banking facilities, and the interest rates offered by the banks were approximately 5% to 6% in Hong Kong and 3.5% in the PRC subject to their internal review and approval process), increase gearing level of the Group and may be subject to lengthy due diligence and negotiations with lenders. As aforementioned, it could be also difficult for the Company to issue debt securities under the current market conditions. Given the above, we concur with the Directors that debt financing would not be not an optimal financing method.

LETTER FROM GRAM CAPITAL

In respect of rights issue or open offer, the Directors considered that such fund-raising activities may (i) incur additional costs, including but not limited to underwriting commission and other professional fees; (ii) take a relatively longer timeframe when compared to the subscription of new shares (according to “Guide on Trading Arrangements for Selected Types of Corporate actions” issued by the Stock Exchange and last updated in October 2020, (a) if a general meeting is required, there will be at least 25 business days between date of general meeting to approve open offer/rights issue and the date of despatch of certificates for offer shares/fully-paid rights shares; and (b) if a general meeting is not required, there will be at least 31 business days (for open offer) or 27 business days (for rights issue) between date of publication of relevant proposal and the date of despatch of certificates for offer shares/fully-paid rights shares); and (iii) be associated with difficulties in seeking for underwriter due to the Company’s share price performance (as demonstrated under the sub-section headed “a) Share price performance” of this letter below); the Group’s loss-making position for FY2022; low liquidity of and limited interest in the Shares from the capital market (as advised by the Directors, the Company did not approach any underwriter in this regard as the Directors did not consider the rights issue or open offer to be an optimal financing method), or uncertainty on fund to be raised if there is no underwriter. Given the above, we concur with the Directors that rights issue or open offer would not be an optimal financing method.

Based on the above factors, we concur with the Directors that the Proposed Subscription is an appropriate mean of raising additional capital for the Company as compared to other means of financing.

LETTER FROM GRAM CAPITAL

Use of proceeds

With reference to the Board Letter, it is expected that the gross proceeds of the Proposed Subscription will be approximately HK\$70.2 million. The net proceeds of the Proposed Subscription, after the deduction of all professional fee and related expenses, is estimated to be approximately HK\$69.7 million. The Company intends to use the net proceeds of (i) approximately HK\$63.0 million to develop and expand overseas business (the “**Net Proceeds for Overseas Business**”), and (ii) approximately HK\$6.7 million for the general working capital of the Group (the “**Net Proceeds for Working Capital**”), which includes approximately HK\$1.8 million for selling and marketing expenses, and approximately HK\$4.9 million for payment of salary and wages, subject to actual business needs. Since 1 January 2023 and up to the Latest Practicable Date, the Group has entered into (a) nine agreements in relation to enhancement of factory capacity in Vietnam with a total contract value of approximately HK\$2.5 million, and (b) eight agreements in relation to the implementation of global enterprise resource planning (“**ERP**”) and warehouse system with a total contract value of approximately HK\$8.6 million, respectively. The Group plans to enter into additional agreements for the oversea business development and expansion and implementation of global ERP and warehouse system in the next two years according to the project progress. The Group expects to establish one unified global ERP and warehouse system, which will cover the Group’s main business units in the PRC, the U.S., the UK and Japan, to enhance the Group’s operational efficiency and provide more accurate and useful information to the management in a timely manner, and it is estimated that the cost for the implementation of global ERP and warehouse system will be approximately HK\$10.0 million (including the total contract value of approximately HK\$8.6 million for the eight agreements that have already been signed by the Group). Depending on actual business needs, it is estimated that the net proceeds from the Proposed Subscription will be fully utilized in accordance with its intended purposes within the next two years.

For our due diligence purpose, we obtained further breakdown of the Net Proceeds for Overseas Business and certain copies of the aforesaid agreements relating to (i) procurement of production equipment; (ii) engagement of service providers to design, develop, test and maintain global ERP and warehouse system; and (iii) purchase of software.

LETTER FROM GRAM CAPITAL

With reference to 2022 Annual Report, the Group's revenue from international markets accounted for approximately 89% and approximately 94% of the Group's total revenue for FY2021 and FY2022 respectively. In addition, for FY2022, the gross profit margin of the Group's sales from international markets were approximately 29.2% for FY2021 and approximately 23.6% for FY2022, which were higher than the gross profit margin of the Group's sales from PRC market of approximately 17.0% for FY2021 and approximately 11.2% for FY2022.

Given the above, we consider that the Net Proceeds for Overseas Business can facilitate the business development of the Group's overseas business, which also aligns with the Group's business strategy.

We understood from the Company that the Net Proceeds for Working Capital may be applied for the Group's daily operation needs, such as selling and marketing expenses, salary and wages. Accordingly, we also consider that the Net Proceeds for Working Capital can support the Group's business operation.

Having considered (i) reasons for and benefits of the Proposed Subscription as mentioned above; (ii) that the Proposed Subscription is an appropriate mean of raising additional capital as compared to other means of financing; (iii) that the Proposed Subscription will improve the Group's financial position; and (iv) that the Net Proceeds for Overseas Business can facilitate the business development of the Group's overseas business, which also aligns with the Group's business strategy, and the Net Proceeds for Working Capital can support the Group's business operation, we are of the view that although the Proposed Subscription is not conducted in the ordinary and usual course of business of the Group, it is in the interest of the Company and the Shareholders as a whole.

2. Principal terms of the Subscription Agreement

Set out below are the summarised terms of the Subscription Agreement, details of which are set out under the section headed "2. THE PROPOSED SUBSCRIPTION" of the Board Letter.

- Date: 9 July 2023 (the "**Agreement Date**")
- Parties: (a) the Company (as the issuer); and
- (b) Canopy Capital Limited (as the Subscriber).

LETTER FROM GRAM CAPITAL

Number of Subscription Shares:

845,456,130 Shares, which represent (i) approximately 20.0% of the total number of issued Shares as at the Announcement Date; and (ii) approximately 16.7% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares immediately upon Completion, assuming that there will be no other changes in the total number of issued Shares between the Announcement Date and the allotment and issue of the Subscription Shares.

Subscription Price:

The Subscription Price is HK\$0.083 per Subscription Share, which represents:

- (i) a discount of approximately 10.75% to the closing price of HK\$0.093 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 16.90% over the closing price of HK\$0.071 per Share as quoted on the Stock Exchange on the Last Trading Day (the “**LTD Premium**”);
- (iii) a premium of approximately 23.88% over the average closing price of approximately HK\$0.067 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day (the “**5 Days Premium**”); and
- (iv) a discount of approximately 90.22% to the audited consolidated net asset value per Share of approximately HK\$0.849 (the “**NAV per Share**”) (based on the audited net asset value of the Group of approximately RMB3,283.2 million (equivalent to approximately HK\$3,590.3 million based on the exchange rate of RMB0.91447:HK\$1.00) as at 31 December 2022 and 4,227,280,649 issued Shares as at the Latest Practicable Date).

LETTER FROM GRAM CAPITAL

Analysis on the Subscription Price

In order to assess the fairness and reasonableness of the Subscription Price, we conducted the following analysis:

a) Share price performance

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 4 July 2022 to Last Trading Day, being a period of approximately one year up to the Last Trading Day (the “**Shares Review Period**”), to illustrate the general trend and level of movement of the closing prices of the Shares:



Source: the Stock Exchange's website

During the Shares Review Period, the highest and lowest closing prices of Shares as quoted on the Stock Exchange were HK\$0.139 recorded on 11 July 2022 and HK\$0.063 recorded on 11 May 2023 respectively. The Subscription Price falls within the aforesaid closing price range. The Subscription Price is lower than the closing prices of the Shares for 176 out of 251 trading days during the Shares Review Period. Nevertheless, from 24 March 2023 to the Last Trading Day, the closing prices of the Shares were below the Subscription Price. The “market prices” as reflected by the closing prices of the Shares were below the Subscription Price for approximately four months immediately prior to and up to the Last Trading Day.

LETTER FROM GRAM CAPITAL

During the Shares Review Period, the closing price of the Shares decreased from HK\$0.129 on 4 July 2022 to HK\$0.082 on 5 October 2022. The closing price of Shares then rebounded to HK\$0.119 on 25 November 2022. Subsequently, the closing price of Shares formed a general downward trend until it reached its trough of HK\$0.063 on 11 May 2023. Thereafter, the closing price of the Shares fluctuated between HK\$0.064 and HK\$0.073 and reached HK\$0.071 on the Last Trading Day.

In addition, during the period from 30 March 2023 (being the date of publication of the Group's annual results for FY2022) to the Last Trading Day, the highest and lowest closing prices of Shares as quoted on the Stock Exchange were HK\$0.078 recorded on 30 March 2023 and HK\$0.063 recorded on 11 May 2023, represented discounts of approximately 90.81% and 92.58% respectively (the "**Historical NAV Discounts**") to the NAV per Share as at 31 December 2022. Although the Subscription Price represents a discount of approximately 90.22% (the "**Subscription Price NAV Discount**") to the NAV per Share as at 31 December 2022, such discount is lower than the aforesaid Historical NAV Discounts which indicated that the Shares were traded at deep discounts to the NAV per Share as at 31 December 2022 from the date of publication of the Group's annual results for FY2022 up to the Last Trading Day.

b) Comparables

As part of our analysis, we also identified subscription of new ordinary shares listed on the Stock Exchange under specific mandate for cash consideration (excluding transactions involving restructuring) which were announced by Hong Kong listed companies during the six-month period (which is a commonly adopted review period to cover sufficient comparable transactions and demonstrate market practices during a period proximate and up to the Last Trading Day) from 7 January 2023 up to the Last Trading Day (the "**Comparables**"). We found 12 transactions which met the said criteria and they are exhaustive. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables.

LETTER FROM GRAM CAPITAL

Company name (Stock code)	Date of announcement	Premium/ (discount) of the subscription price over/to the average closing price per share for the last five consecutive trading days immediately prior to the agreement date in relation to the respective subscription of new shares (%)	Premium/ (discount) of the subscription price over/to the average closing price per share for the last five consecutive trading days immediately prior to the agreement date in relation to the respective subscription of new shares (%)
COFCO Joycome Foods Limited (1610)	11 January 2023	(1.71)	(2.21)
Honghua Group Limited (196)	18 January 2023	(1.71)	(3.51)
New Concepts Holdings Limited (2221)	19 January 2023	(13.64)	(11.01)
Wisdomcome Group Holdings Limited (formerly known as Easy Repay Finance & Investment Limited) (8079)	8 February 2023	15.61	15.47
Suoxinda Holdings Limited (3680)	19 March 2023	(5.00)	(6.17)
Glory Sun Financial Group Limited (1282)	20 April 2023	82.47 (Note)	67.46 (Note)
New Huo Technology Holdings Limited (1611)	26 April 2023	(9.57)	(11.79)
Energy International Investments Holdings Limited (353)	28 April 2023	(5.45)	(8.37)
China Silver Technology Holdings Limited (515)	9 June 2023	(4.76)	(5.66)
VPower Group International Holdings Limited (1608)	12 June 2023	2.44	3.96
Creative China Holdings Limited (8368)	19 June 2023	(17.69)	(17.37)
China Ruyi Holdings Limited (136)	4 July 2023	(17.53)	(16.84)
	Maximum (excluding outlier)	15.61	15.47
	Minimum (excluding outlier)	(17.69)	(17.37)
	Average (excluding outlier)	(5.36)	(5.77)
Proposed Subscription	9 July 2023	16.90	23.88

Source: the Stock Exchange's website

Note: The premiums of the relevant transaction were exceptionally high and considered to be outliers.

LETTER FROM GRAM CAPITAL

According to the above table, the subscription prices of the Comparables (excluding outlier) ranged from a discount of approximately 17.69% to a premium of approximately 15.61% (the “**Agreement Date Discount/Premium Market Range**”), with an average discount of approximately 5.36% over/to the respective closing prices of the shares on the agreement date in relation to the respective subscription. The LTD Premium is higher than the Agreement Date Discount/Premium Market Range.

According to the above table, the subscription prices of the Comparables (excluding outlier) ranged from a discount of approximately 17.37% to a premium of approximately 15.47% (the “**5 Days Discount/Premium Market Range**”), with an average discount of approximately 5.77% over/to the respective average closing prices of the shares for the last five consecutive trading days immediately prior to the agreement date in relation to the respective subscription. The 5 Days Premium is higher than the 5 Days Discount/Premium Market Range.

Having considered the following factors, including:

- (i) the LTD Premium is higher than the Agreement Date Discount/Premium Market Range;
- (ii) the 5 Days Premium is higher than the 5 Days Discount/Premium Market Range;
- (iii) the Subscription Price falls within the closing price range of the Shares during the Shares Review Period;
- (iv) despite that the Subscription Price is lower than the closing prices of the Shares for 176 out of 251 trading days during the Shares Review Period, from 24 March 2023 to the Last Trading Day, the closing prices of the Shares were below the Subscription Price. The “market prices” as reflected by the closing prices of the Shares were below the Subscription Price for approximately four months immediately prior to and up to the Last Trading Day; and
- (v) the Subscription Price NAV Discount is lower than the Historical NAV Discounts during the period from 30 March 2023 (being the date of publication of the Group’s annual results for FY2022) to the Last Trading Day (which indicated that the Shares were traded at deep discounts to the NAV per Share as at 31 December 2022 from the date of publication of the Group’s annual results for FY2022 up to the Last Trading Day),

we are of the view that the Subscription Price is fair and reasonable.

LETTER FROM GRAM CAPITAL

Having considered the principal terms of the Subscription Agreement as set out above, we are of the view that the terms of the Proposed Subscription are on normal commercial terms and are fair and reasonable.

3. Possible dilution effect on the shareholding interests of the public Shareholders

With reference to the shareholding table in the section headed “6. CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY” of the Board Letter, the shareholding interests of the public would be diluted by approximately 8.67 percentage points immediately after Completion (the “**Dilution**”). Nevertheless, as explained in details under the section headed “5. FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS” of the Board Letter, there will be no theoretical dilution effect (pursuant to Rule 7.27B of the Listing Rules) to the Shares as a result of the Proposed Subscription given that the theoretical diluted price of HK\$0.073 per Share is higher than the benchmarked price of HK\$0.071 per Share. Taking into account (i) that there will be no theoretical dilution effect (pursuant to Rule 7.27B of the Listing Rules) to the Shares as a result of the Proposed Subscription; (ii) the aforementioned reasons for and benefits of the Proposed Subscription; and (iii) the terms of the Proposed Subscription being fair and reasonable, we are of the view that the Dilution is acceptable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Proposed Subscription are on normal commercial terms and are fair and reasonable; and (ii) although the Proposed Subscription is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Proposed Subscription and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

Director and chief executive's interests and short positions in Shares, underlying Shares or debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Interests in the Shares of the Company

Name of Director	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of the total issued Shares ⁽¹⁾
YE Yong	Beneficial owner	274,039,000(L)	6.48%
	Spouse's interest	7,433,000(L) ⁽²⁾	0.18%

Notes:

- (1) The approximate percentage of the total issued Shares is calculated with reference to the Company's number of Shares in issue as at the Latest Practicable Date.
- (2) As these Shares are held by Ms. GAO Xia, the spouse of Mr. YE Yong, Mr. YE Yong is deemed to be interested in these Shares.
- (3) (L) represents long position.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notifiable to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Interests and short positions of substantial Shareholders in the Shares and underlying Shares

As at the Latest Practicable Date, to the best knowledge of the Directors and chief executive of the Company, the following Shareholders (other than Directors or chief executive of the Company) had interests or short positions in the issued shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Director	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of the total issued Shares ⁽¹⁾
Elec-Tech International (H.K.) Company Limited	Beneficial owner	740,346,000(L)	17.51%
ETIC	Interest of corporation controlled by the substantial shareholder	740,346,000(L) ⁽²⁾	17.51%
SU Lixin	Beneficial owner	649,350,649(L)	15.36%
Rising Wealth Limited	Beneficial owner	638,400,000(L) ⁽³⁾	15.10%
ZHAO Yu	Interest of corporation controlled by the substantial Shareholder	638,400,000(L) ⁽⁴⁾	15.10%
Harbour Faith Enterprises Limited	Beneficial owner	341,071,000(L)	8.07%
CHAN Sin Wa Carrie	Interest of corporation controlled by the substantial Shareholder	341,071,000(L) ⁽⁵⁾	8.07%

Notes:

- (1) The approximate percentage of the total issued Shares is calculated with reference to the Company's number of Shares in issue as at the Latest Practicable Date.

- (2) These Shares were held by Elec-Tech International (H.K.) Company Limited. As Elec-Tech International (H.K.) Company Limited is a wholly-owned subsidiary of ETIC, ETIC is deemed to be interested in all these Shares.
- (3) On 8 July 2021, Rising Wealth Limited reported its holding of 638,400,000 Shares since 3 August 2018 (the date of relevant event).
- (4) On 2 August 2021, Ms. ZHAO Yu reported her holding of 638,400,000 Shares since 3 August 2018 (the date of relevant event). These Shares were held by Rising Wealth Limited. As Rising Wealth Limited is wholly-owned by Ms. ZHAO Yu, Ms. ZHAO Yu is deemed to be interested in these Shares.
- (5) These Shares were held by Harbour Faith Enterprises Limited. As Harbour Faith Enterprises Limited is wholly-owned by Ms. CHAN Sin Wa Carrie. Ms. CHAN Sin Wa Carrie is deemed to be interested in these Shares.
- (6) (L) represents long position.

Save as disclosed above, as at the Latest Practicable Date, as far as the Directors are aware, no other person (except the Directors and chief executive) or corporation had interests or short positions in the shares or underlying shares which were recorded in the register required to be kept under Section 336 of the SFO.

3. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date was, and as a result of the allotment and issue of the Subscription Shares will be, as follows:

(a) As at the Latest Practicable Date

Authorised		US\$
500,000,000,000	Share of US\$0.0000001 each	50,000
Issued and fully paid		
4,227,280,649	Share of US\$0.0000001 each	422.7280649

(b) Immediately following the allotment and issue of the Subscription Shares

Authorised		US\$
500,000,000,000	Share of US\$0.0000001 each	50,000
Issued and fully paid		
4,227,280,649	Share of US\$0.0000001 each	422.7280649
<u>845,456,130</u>	Subscription Shares of US\$0.0000001 each	<u>84.545613</u>
<u>5,072,736,779</u>	Share of US\$0.0000001 each	<u>507.2736779</u>

All the Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital.

As at the Latest Practicable Date, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

4. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors nor their respective close associates had any direct or indirect interests in any businesses that constitutes or may constitute a competing business of the Company.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Director had entered into any service contract or letter of appointment with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. DIRECTORS' INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENTS OF THE GROUP

As at the Latest Practicable Date, save for the Proposed Subscription: (a) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (b) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

7. QUALIFICATION OF EXPERT AND CONSENT

The qualification of the expert who has given an opinion or advice in this circular is as follow:

Name	Qualification
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As of the Latest Practicable Date, the expert mentioned above (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion and the references to its name included herein in the form and context in which it is included; (ii) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and (iii) has no direct or indirect interests in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and, insofar as the Directors were aware, no litigation or claims of material importance was pending or threatened against any member of the Group.

9. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Company since 31 December 2022, the date to which the latest published audited consolidated financial statements of the Group were made up.

10. MATERIAL CONTRACTS

Save for the Subscription Agreement, no material contracts (not being contracts entered into in the ordinary course of business of the Company) have been entered into by members of the Group within two (2) years immediately preceding the date of this circular.

11. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be available on display online on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.nvc-international.com>) from the date of this circular up to and including the date of the EGM (being not less than 14 days):

- (a) the letter from the Independent Board Committee dated 4 August 2023, the text of which is set out on pages 16 to 17 of this circular;
- (b) the letter from Gram Capital dated 4 August 2023, the text of which is set out on pages 18 to 32 of this circular;
- (c) the written consent referred to in the paragraph headed “Qualification of Expert and Consent” in this appendix;
- (d) the Subscription Agreement; and
- (e) a copy of this circular.

12. GENERAL INFORMATION

- (a) The company secretary of the Company is Ms. KWOK Siu Ying Sarah, an associate member of The Hong Kong Chartered Governance Institute and an associate member of The Chartered Governance Institute in the United Kingdom.
- (b) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands.
- (c) The head office and principal place of business in Hong Kong of the Company is Unit 705, 7/F., Building 20E, Phase 3, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.
- (d) The principal share registrar and transfer office in the Cayman Islands of the Company is Suntera (Cayman) Limited, Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman, KY1-1100, Cayman Islands.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of NVC International Holdings Limited (the “**Company**”) will be held at Admiralty & The Peak, 3/F, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 10:30 a.m. on Monday, 21 August 2023 for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company. Unless otherwise defined, capitalized terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 4 August 2023 (the “**Circular**”).

ORDINARY RESOLUTION

1. To consider and approve the resolution in relation to the Subscription Agreement, further details of which are set out in the circular of the Company dated 4 August 2023:

“THAT

- (a) the subscription agreement (the “**Subscription Agreement**”) entered into between the Company and Canopy Capital Limited (the “**Subscriber**”) dated 9 July 2023 and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified, the specific mandate granted to the Board to allot and issue the Subscription Shares by the Company to the Subscriber pursuant to the Subscription Agreement (the “**Specific Mandate**”) be and are hereby approved, and the Board be and is hereby authorised to allot and issue the Subscription Shares to the Subscriber pursuant to the Subscription Agreement; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the Board be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it considers necessary or expedient or desirable to give effect to the Subscription Agreement and the transaction contemplated thereunder, including the allotment and issue of the Subscription Shares under the Specific Mandate and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interests of the Company.”

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

Hong Kong, 4 August 2023

Notes:

1. All resolution at the EGM (except those relate to the procedural or administrative matters, which should be taken by a show of hands as the chairman of the EGM may decide, in good faith) will be taken by a poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy (or more than one proxy if he/she is the holder of two or more shares) to attend and, on a poll, vote on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the form of proxy shall specify the number of shares in respect of which each such proxy is so appointed. In case of a poll every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof (as the case maybe) (for the EGM, i.e. not later than 10:30 a.m. on Saturday, 19 August 2023). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 16 August 2023 to Monday, 21 August 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 15 August 2023.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. If any shareholder of the Company chooses not to attend the EGM in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to the Company's principal place of business in Hong Kong at Unit 705, 7/F., Building 20E, Phase 3, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong or fax at (852) 2865 1638. If any shareholder of the Company has any question relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website: www.computershare.com/hk/contact
Tel: (852) 2862 8555
Fax: (852) 2865 0990

6. In case Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or "extreme conditions caused by a super typhoon" announced by the government is/are in force in Hong Kong at or at any time after 12:00 noon on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on its website (<http://www.nvc-international.com>) and the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) to notify shareholders of the Company of the date, time and place of the adjourned meeting.
7. References to time and dates in this notice are to Hong Kong time and dates.