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雷士照明控股有限公司

**NVC LIGHTING HOLDING LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2222)**

**ANNOUNCEMENT**

**CONTINUING CONNECTED TRANSACTIONS**

**FRAMEWORK FINISHED PRODUCTS PURCHASE AGREEMENT**

On 28 August 2013, the Company entered into the following agreements with its connected persons: (1) a Framework Finished Products Purchase Agreement with Sheng Di Ai Si (the *Sheng Di Ai Si Agreement*), pursuant to which, the Group purchases home furnishing lamp from Sheng Di Ai Si on a non-exclusive basis, subject to the terms and conditions provided therein; (2) a Framework Finished Products and Raw Materials Purchase Agreement with ETIC (the *ETIC Purchase Agreement*), pursuant to which, the Group purchases finished products and raw materials including but not limited to LED chips and LED lamp products from ETIC on a non-exclusive basis, subject to the terms and conditions provided therein; (3) a Framework Sales Agreement with ETIC (the *ETIC Sales Agreement*), pursuant to which, the Group sells finished products including but not limited to LED luminaire products to ETIC on a non-exclusive basis, subject to the terms and conditions provided therein; and (4) a Framework Contract Manufacturing Agreement with Chongqing En Wei Xi (the *En Wei Xi Agreement*), pursuant to which Chongqing En Wei Xi, as a contract manufacturer, produces and supplies to the Group outdoor luminaires based on the Group's design and technical standards and labels those outdoor luminaires with the Group's brands.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Wu Changjiang is a substantial shareholder and a Director of the Company, Mr. Wu Changjiang and his associates are therefore connected persons of the Company under Chapter 14A of the Listing Rules. As Sheng Di Ai Si and Chongqing En Wei Xi are associates of Mr. Wu Changjiang, the

transactions between the Group and Sheng Di Ai Si and transactions between the Group and Chongqing En Wei Xi constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, ETIC is a substantial shareholder of the Company holding approximately 20.24% of the Company's share capital and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions between the Group and ETIC constitute continuing connected transactions of the Company under the Listing Rules.

As each of the applicable Percentage Ratios calculated based on the annual caps for each of the above agreements is more than 0.1% but less than 5%, the transactions contemplated under those agreements are subject to the reporting, announcement and annual review requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS UNDER THE AGREEMENTS**

### **(1) The Sheng Di Ai Si Agreement**

#### Principal Terms of the Sheng Di Ai Si Agreement

Date of the Agreement: 28 August 2013

Parties: The Company and Sheng Di Ai Si

Transaction: Pursuant to the Sheng Di Ai Si Agreement, the Company agreed to purchase home furnishing lamp from Sheng Di Ai Si on a non-exclusive basis. The quality, quantity and technical standards of the lamp delivered by Sheng Di Ai Si must meet the Company's standards as set out in the sub-contract for each purchase order.

Prices: The prices charged by Sheng Di Ai Si will be agreed following arm's length negotiations between the parties with reference to the prevailing market rates.

Term of the Agreement: The term of the Sheng Di Ai Si Agreement is three years commencing from 1 January 2013.

### Proposed Annual Caps

The proposed annual caps of the purchase price payable by the Group under the Sheng Di Ai Si Agreement for each of the three years ending 31 December 2013, 2014 and 2015 are RMB30 million, RMB56 million and RMB96 million, respectively. In determining the above annual caps, the Board took into account the expected market conditions and the future demand of the relevant finished products by the Group.

### Reasons for and Benefits of the Sheng Di Ai Si Agreement

The Company entered into the Sheng Di Ai Si Agreement given the Group has a continuous demand for such finished products in the next three years and the fees charged by Sheng Di Ai Si are competitive.

As such, the Board (including the independent non-executive Directors) considers that the terms of the Sheng Di Ai Si Agreement are on normal commercial terms and fair and reasonable, and are entered into in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole.

### Directors' Interests

Mr. Wu Changjiang, who serves as a Director of the Company, is deemed to have a material interest in the continuing connected transactions between the Company and Sheng Di Ai Si and has abstained from voting on the Board resolutions in relation to the proposed transactions and their annual caps under the Sheng Di Ai Si Agreement.

## **(2) The ETIC Purchase Agreement**

### Principal Terms of the ETIC Purchase Agreement

Date of the Agreement: 28 August 2013

Parties: The Company and ETIC

Transaction: Pursuant to the ETIC Purchase Agreement, the Company agreed to purchase finished products and raw materials including but not limited to LED chips and LED lamp products from ETIC on a non-exclusive basis. The quality, quantity and technical standards of the products delivered by ETIC must meet the Company's standards as set out in the sub-contract for each purchase order.

Prices: The prices charged by ETIC will be agreed following arm's length negotiations between the parties with reference to the prevailing market rates.

Term of the Agreement: The term of the ETIC Purchase Agreement is three years commencing from 1 January 2013.

#### Proposed Annual Caps

The proposed annual caps of the purchase price payable by the Group under the ETIC Purchase Agreement for each of the three years ending 31 December 2013, 2014 and 2015 are RMB130 million, RMB170 million and RMB170 million, respectively. In determining the above annual caps, the Board took into account historical data on purchasing similar products from other suppliers, the expanded future demand of the Group on the relevant products and the expected market prices of the LED chips and LED lamp products.

#### Reasons for and Benefits of the ETIC Purchase Agreement

The Company entered into the ETIC Purchase Agreement given the Group has a continuous demand for such finished products and raw materials in the next three years and the fees charged by ETIC are competitive.

As such, the Board (including the independent non-executive Directors) considers that the terms of the ETIC Purchase Agreement are on normal commercial terms and fair and reasonable, and are entered into in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole.

#### Directors' Interests

Mr. Wang Donglei, who concurrently serving as a Director of the Company and a director of ETIC, and Mr. Wang Dongming, the brother of Mr. Wang Donglei and a Director of the Company, are deemed to have a material interest in the continuing connected transactions between the Company and ETIC and have abstained from voting on the Board resolutions in relation to the proposed transactions and their annual caps under the ETIC Purchase Agreement.

### **(3) The ETIC Sales Agreement**

#### Principal Terms of the ETIC Sales Agreement

Date of the Agreement: 28 August 2013

Parties: The Company and ETIC

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

Prices: The prices paid by ETIC will be agreed following arm's length negotiations between the parties with reference to the prevailing market rates.

Term of the Agreement: The term of the ETIC Sales Agreement is three years commencing from 1 January 2013.

#### Proposed Annual Caps

The proposed annual caps of the purchase price payable by the ETIC under the ETIC Sales Agreement for each of the three years ending 31 December 2013, 2014 and 2015 are RMB50 million, RMB100 million and RMB100 million, respectively. In determining the above annual caps, the Board took into account historical data on selling similar products to other customers, the expanded sales volume of the products produced by the Group and the expected market prices of LED luminaire products in the future.

#### Reasons for and Benefits of the ETIC Sales Agreement

The Company entered into the ETIC Sales Agreement given ETIC has a continuous demand for such finished products in the next three years and the fees paid by ETIC are competitive.

As such, the Board (including the independent non-executive Directors) considers that the terms of the ETIC Sales Agreement are on normal commercial terms and fair and reasonable, and are entered into in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole.

#### Directors' Interests

Mr. Wang Donglei, who concurrently serving as a Director of the Company and a director of ETIC, and Mr. Wang Dongming, the brother of Mr. Wang Donglei and a Director of the Company, are deemed to have a material interest in the continuing connected transactions between the Company and ETIC and have abstained from

voting on the Board resolutions in relation to the proposed transactions and their annual caps under the ETIC Sales Agreement.

#### **(4) The En Wei Xi Agreement**

##### Background Information

Reference is made to the Prospectus and the announcement of the Company dated 27 February 2012, in which the Company disclosed, among others, relevant information with respect to the continuing connected transactions between the Group and Chongqing En Wei Xi in relation to the Framework Contract Manufacturing Agreement, which was entered into between the Company and Chongqing En Wei Xi on 20 April 2010 with a term of three years commencing from 20 May 2010. As the annual caps for the Framework Contract Manufacturing Agreement expired on 31 December 2012 and the Company intends to continue carrying out such transactions in the ordinary and usual course of business with the relevant parties, the Company therefore entered into the En Wei Xi Agreement with Chongqing En Wei Xi on 28 August 2013.

##### Principal Terms of the En Wei Xi Agreement

Date of the Agreement: 28 August 2013

Parties: The Company and Chongqing En Wei Xi

Transaction: Pursuant to the En Wei Xi Agreement, Chongqing En Wei Xi, as a contract manufacturer, produces and supplies to the Group outdoor luminaires based on the Group's design and technical standards and labels those outdoor luminaires with the Group's brands. In addition, Chongqing En Wei Xi is not permitted to cooperate with other contract manufacturing clients whose products are identical or similar to ours during the contract period.

Prices: The prices charged by Chongqing En Wei Xi will be agreed following arm's length negotiations between the parties with reference to the prevailing market rates.

Term of the Agreement: The term of the En Wei Xi Agreement is three years commencing from 1 January 2013.

### Historical Amounts

The annual caps (as revised) for the fees charged by Chongqing En Wei Xi under the Framework Contract Manufacturing Agreement for the years ending 31 December 2010, 2011 and 2012 were US\$4.39 million, US\$7.70 million and US\$19.00 million.

The actual amount of the fees paid by the Group to Chongqing En Wei Xi under the Framework Contract Manufacturing Agreement for the years ending 31 December 2010, 2011 and 2012 were US\$2.05 million, US\$7.55 million and RMB8.86 million, respectively.

### Proposed New Annual Caps

The proposed new annual caps of the price charged by Chongqing En Wei Xi under the En Wei Xi Agreement for each of the three years ending 31 December 2013, 2014 and 2015 are RMB50 million, RMB60 million and RMB72 million, respectively. In determining the above annual caps, the Board took into account the historical data, the expected increase in purchase price for contract manufacturing business, recent increase in labour costs, the Group's future expansion strategy, the expected market conditions and expected demand for outdoor luminaire products.

### Reasons for and Benefits of the En Wei Xi Agreement

The Company entered into the En Wei Xi Agreement because the Company wishes to outsource the manufacturing process of HID street lamps, LED street lamps and street lamp posts to enhance the efficiency of the Group's operations and promote the brand and broaden the Group's product offering, and the fees charged by Chongqing En Wei Xi are competitive.

As such, the Board (including the independent non-executive Directors) considers that the terms of the En Wei Xi Agreement are on normal commercial terms and fair and reasonable, and are entered into in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole.

### Directors' Interests

Mr. Wu Changjiang, who serves as a Director of the Company, is deemed to have a material interest in the continuing connected transactions between the Company and Chongqing En Wei Xi and has abstained from voting on the Board resolutions in relation to the proposed transactions and their annual caps under the En Wei Xi Agreement.

## **INFORMATION OF THE COMPANY AND THE COUNTERPARTIES**

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

Sheng Di Ai Si is a company incorporated in the PRC and is owned as to 40.93% by Ms. Chen Min, Mr. Wu Changjiang's mother in law. Mr. Wu Changjiang is a substantial shareholder and a Director of the Company. Accordingly, Sheng Di Ai Si is an associate of Mr. Wu Changjiang under the Listing Rules and a connected person of the Company. Sheng Di Ai Si is principally engaged in the design, development, production and sale of home decorative luminaires.

ETIC directly and indirectly holds approximately 20.24% of the Company's share capital. Therefore, ETIC is a substantial shareholder and a connected person of the Company under the Listing Rules. ETIC is principally engaged in production and sale of small household appliances and LED products.

Chongqing En Wei Xi is incorporated in the PRC and is owned as to 49.67% by Mr. Wu Xianming, Mr. Wu Changjiang's father-in-law. Accordingly, Chongqing En Wei Xi is an associate of Mr. Wu Changjiang under the Listing Rules and a connected person of the Company. Chongqing En Wei Xi is principally engaged in the production and sale of HID street lights, LED street lights and street lamp posts.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Wu Changjiang is a substantial shareholder and a Director of the Company, Mr. Wu Changjiang and his associates are therefore connected persons of the Company under Chapter 14A of the Listing Rules. As Sheng Di Ai Si and Chongqing En Wei Xi are associates of Mr. Wu Changjiang, the transactions between the Company and Sheng Di Ai Si and transactions between the Group and Chongqing En Wei Xi constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, ETIC is a substantial shareholder of the Company holding approximately 20.24% of the Company's share capital and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions between the Group and ETIC constitute continuing connected transactions of the Company under the Listing Rules.

As each of the applicable Percentage Ratios calculated based on the annual caps of considerations under the above agreements is more than 0.1% but less than 5%, the transactions under these agreements constitute continuing connected transactions under Rules 14A.34 and are subject to the reporting, announcement and annual review requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

“associate” has the meaning ascribed thereto under the Listing Rules



“Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement, shall not include Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan
“Chongqing En Wei Xi”	Chongqing En Wei Xi Industrial Development Co., Ltd.* (重慶恩緯西實業發展有限公司), a limited liability company incorporated in the PRC and owned as to 49.67% by Mr. Wu Xianming, Mr. Wu Changjiang’s father-in-law
“Company”	NVC Lighting Holding Limited
“Group”	the Company and its subsidiaries
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“ETIC”	Elec-Tech International Co., Ltd. * (廣東德豪潤達電器股份有限公司), a PRC incorporated company which is currently listed on the Shenzhen Stock Exchange. It is a substantial shareholder of the Company
“HID”	high intensity discharge
“LED”	light emitting diode, a semiconductor device that emits visible light when an electric current passes through it.
“Sheng Di Ai Si”	Zhongshan Sheng Di Ai Si Lighting Co., Ltd. *(中山市聖地愛司照明有限責任公司), a limited liability company incorporated in the PRC and an associate of Mr. Wu Changjiang and therefore a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Percentage Ratios”	shall have the meaning ascribed to it under Chapter 14 of Listing Rules

“Prospectus”	the prospectus dated 7 May 2010 issued by the Company in connection with its Hong Kong public offering
“RMB”	the lawful currency of China
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“we”, “us” or “our”	the Company or our group (as the context may require)

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

By Order of the Board

**NVC LIGHTING HOLDING LIMITED**

**Wang Donglei**

*Chairman*

Hong Kong, 28 August 2013

As at the date of this announcement, the Board consists of the following directors:

*Executive Directors:*

MU Yu

WU Changjiang

WANG Dongming

*Non-executive Directors:*

LIN Ho-Ping

ZHU Hai

Wang Donglei

*Independent Non-executive Directors:*

WANG Jinsui

LEE Kong Wai, Conway

WU Ling