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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)

**FULFILMENT OF ALL RESUMPTION CONDITIONS
AND
RESUMPTION OF TRADING**

FULFILMENT OF ALL RESUMPTION CONDITIONS

The Board is pleased to inform its shareholders and potential investors that as at the date of this announcement, the Company has fulfilled all the Resumption Conditions.

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 11 August 2014 at the request of the Company. As all the Resumption Conditions have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Company's shares with effect from 9:00 a.m. on 26 October 2015 on the Stock Exchange.

This announcement is made by NVC Lighting Holding Limited (the "**Company**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Insider Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BACKGROUND

The board of directors of the Company (the "**Board**") refers to its previous announcements from July 2014, up to the date of this announcement, including:

- (a) the announcement dated 8 August 2014 in relation to, among other things, Mr

Wu Changjiang (“**Mr Wu**”) informing the majority of the Board that he had signed several licensing agreements on behalf of Huizhou NVC Lighting Technology Co., Ltd. (“**Huizhou NVC**”), without the knowledge of the Board;

- (b) the announcement dated 11 August 2014 in relation to suspension of trading in the shares of the Company;
- (c) the announcement dated 10 September 2014 in relation to, among other things, the establishment of an independent investigations committee (also known as the independent review committee) (the “**IRC**”) to conduct internal investigations into the alleged wrongdoing of Mr Wu and others, and of certain bank facility arrangements entered into by companies associated with Mr Wu and purportedly guaranteed by NVC Lighting (China) Co., Ltd. (“**NVC China**”);

The purported entering into of the pledge and guarantee agreements and alleged licensing agreements entered into by Mr Wu, and the freezing and withdrawal of funds pursuant to the purported agreements, are collectively referred to as the “**Irregularities**”.

FULFILMENT OF RESUMPTION CONDITIONS

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 11 August 2014 at the request of the Company. As stated in the Company’s announcement dated 21 January 2015, the Board has been informed by the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) that it has imposed four conditions before trading in the shares of the Company can be resumed (the “**Resumption Conditions**”):

- (a) address the Irregularities and inform the market of their impact on the Company’s financial and operational position (“**First Resumption Condition**”);
- (b) demonstrate that the Company has put in place adequate financial reporting procedures and internal control systems to meet its Listing Rule obligations (“**Second Resumption Condition**”);
- (c) disclose the findings of the forensic review and the internal control review, and address issues identified, and if necessary, conduct further investigations/reviews with appropriate scope (“**Third Resumption Condition**”); and
- (d) inform the market of all relevant information (“**Fourth Resumption Condition**”).

The Board is pleased to inform its shareholders and potential investors that as at the date of this announcement, the Company has fulfilled all the Resumption Conditions.

Details of the fulfilment of the Resumption Conditions are set out below.

First Resumption Condition: Address the Irregularities and inform the market of their impact on the Company’s financial and operational position

Addressing the Irregularities

The Company initially uncovered 14 purported pledge and guarantee agreements (the “**14 Purported Pledge and Guarantee Agreements**”), which were entered into by Mr Wu, purportedly on behalf of NVC Lighting (China) Co., Ltd. (雷士照明(中國)有限公司) (“**NVC China**”).

Subsequently, in June and August 2015, the Company uncovered a further two purported guarantee agreements entered into by Mr Wu, purportedly on behalf of NVC China, with 广东南粤银行股份有限公司重庆沙坪坝支行 (“**Nanyue**”) and 重慶市北部新區同誼小額貸款有限公司 (“**Tongyi**”), respectively (collectively, the “**Purported Nanyue and Tongyi Guarantees**”). The Board and the IRC both believe that, similar to the 14 Purported Pledge and Guarantee Agreements, Mr Wu intentionally entered into the Purported Nanyue and Tongyi Guarantees, purportedly on behalf of NVC China, without the knowledge or authorisation of the Board, and he is primarily personally responsible for these acts.

The Company has taken the following main steps to address the Irregularities:

- (a) Mr Wu has been removed from his various positions within the Company and its subsidiaries (the “**NVC Group**”), and he no longer holds any position or role within the NVC Group.
- (b) Establishment of an emergency committee, an operations committee and the IRC in August/ September 2014.
- (c) Suspension of payments from the bank accounts of certain of the Company’s subsidiaries beginning from August 2014. The suspension has been lifted on all these bank accounts, apart from NVC China’s bank account with China Construction Bank.
- (d) The conducting of a forensic review on the 14 Purported Pledge and Guarantee Agreements and the alleged 20-year licensing agreements, and a supplemental forensic review in relation to the allegations made by Nanyue, by an independent forensic consultant in 2015.
- (e) The conducting of an internal controls assessment, and a follow-up internal controls assessment, by an independent internal controls consultant (the “**Internal Controls Consultant**”) in 2015.

- (f) Making relevant internal controls improvements, following the internal controls assessment.
- (g) Commencing legal proceedings against Mr Wu.
- (h) Publishing rules on distributors, agents and brand licensing.
- (i) Communications with counter-parties to the three alleged 20-year licensing agreements.

Informing the market of the impact of the Irregularities on the Company's financial position

The Company has kept its shareholders updated on the impact of the Irregularities, including the Purported Nanyue and Tongyi Guarantees, on its financial position. This information has been disclosed in (among others) the Company's:

- (a) annual results announcement for the year ended 31 December 2014, published on 14 May 2015;
- (b) 2014 annual report;
- (c) interim results announcement for the six months ended 30 June 2015, published on 27 August 2015; and
- (d) 2015 interim report.

The financial statement in the Company's 2014 annual report was qualified by the Company's external auditor, Ernst & Young ("EY"). Below is a brief summary of how the Irregularities were accounted for in the Company's 2014 annual report, and further information about EY's audit qualifications. Please refer to the 2014 annual report for more details.

Withdrawal of funds

NVC China entered into the 14 Pledge and Guarantee Agreements, and RMB550,924,000 in total was ultimately withdrawn by several banks due to default of the relevant loans.

The Company recorded the amount of RMB550,924,000 that had been withdrawn by the PRC banks as a reduction of "cash and cash equivalents" in its consolidated statement.

Chongqing Wu Ji Real Estate Development Co., Ltd. (“**Wu Ji**”), one of the borrowers involved in the 14 Purported Pledge and Guarantee Agreements, issued 8 letters of counter guarantee to NVC China, under which Wu Ji undertook to reimburse NVC China for any losses arising from nine loans from three named banks, which were purportedly guaranteed by NVC China. Based on the opinion of the Company’s PRC Counsel and following discussions with EY, it was decided that RMB550,924,000 would be recognised as receivables due from Wu Ji and included in “prepayments, deposits and other receivables” in the consolidated statement as at 31 December 2014.

In addition, based on the opinion of the Company’s PRC counsel, a total of RMB265,564,000 of receivables from Wu Ji was considered to be recoverable and therefore a provision of RMB285,360,000 was made for the unrecoverable amount, recorded as “impairment loss of other receivables due from a company” in the consolidated statement as at 31 December 2014.

At the time the Company’s 2014 annual report was prepared, EY was not able to obtain sufficient appropriate audit evidence to assess the likely outcome of the related legal proceedings commenced by NVC China against Mr Wu, Wu Ji and others, to ascertain the recoverability of the net amount of RMB265,564,000 as at 31 December 2014 and whether any losses in connection with the 14 Purported Pledge and Guarantee Agreements entered into in the year ended 31 December 2013 should have been provided for in the consolidated financial statements for the year ended 31 December 2013.

The Company’s external auditor will reassess at year end to determine whether the audit qualification mentioned above need to be maintained. If no sufficient appropriate audit evidence is obtained, the Company understands from EY that the audit qualification will be carried forward in the Company’s future financial statements.

NVC China is maintaining its legal proceedings against Mr Wu, Wu Ji and others; these proceedings are presently suspended pending the conclusion of criminal action against Mr Wu. In addition, NVC China has, in connection with its ongoing proceedings, obtained asset freezing orders against Mr Wu, Wu Ji and others from the PRC courts.

Account frozen by China Construction Bank

A court order was issued at the request of China Construction Bank (**CCB**) to freeze deposits of RMB62,000,000 of NVC China, in connection with one of the 14 Purported Pledge and Guarantee Agreements. As a result of the court order, a deposit of NVC China in the amount of RMB54,128,000 had been frozen by the PRC courts as at 31 December 2014.

For the amount frozen by the PRC court, *ie*, RMB54,128,000, it was recorded under “restricted bank balance and short-term deposits” in the consolidated statement of the Company and disclosed as a restricted bank balance as at 31 December 2014.

At the time the Company’s 2014 annual report was prepared, EY was not able to obtain sufficient appropriate audit evidence to assess the likely outcome of the related legal proceedings commenced by CCB against NVC China and others, to ascertain whether any provision on the frozen bank balance of RMB54,128,000, and provision on the shortfall of RMB7,872,000, should be made.

The Company’s external auditor will reassess at year end to determine whether the audit qualification mentioned above need to be maintained. If no sufficient appropriate audit evidence is obtained, the audit qualification will be carried forward in the Company’s future financial statements.

NVC China is continuing to resist the legal proceedings commenced by CCB, and has obtained asset freezing orders against Mr Wu, Wu Ji and others.

Potential financial impact

In addition, the Company informed the market about the potential financial impact of the ongoing actions commenced by NVC China in the PRC in connection with the 14 Purported Pledge and Guarantee Agreements, in its announcement dated 17 July 2015, and published on 19 July 2015 (the “**First Findings Announcement**”).

In terms of the Company’s potential maximum exposure, in the 2014 annual report, the Company already made a total provision of RMB285,360,000, in relation to the 14 Purported Pledge and Guarantee Agreements. In addition, the Company is exposed to potential losses of about (1) RMB265,564,000 in the event that no monies are recoverable from Mr Wu and Wu Ji and (2) RMB60,000,000 plus interest, arising from CCB’s claim against NVC China, in the event that CCB’s claim prevails.

In relation to the three alleged 20-year licensing agreements, entered into by Mr Wu purportedly on behalf of Huizhou NVC, the independent forensic consultant found no evidence that any such agreements had actually been executed. This has been disclosed in the First Findings Announcement.

Informing the market about the operational impact of the Irregularities

The Company has informed the market of the impact of the Irregularities on its operational position.

The Irregularities have mainly impacted the Company’s operations in four ways:

- (a) There have been management changes within the NVC Group. Mr Wu was replaced by Mr Wang Donglei and others. Please refer to the Company's announcements dated 14 July and 8 August 2014.
- (b) Relocation of the Company's headquarters from NVC China to Huizhou NVC from August 2014. This was disclosed in the Company's announcement dated 20 August 2014. Huizhou NVC has now assumed the former functions of NVC China, and operations of the Group have returned to normal.
- (c) Production at the Company's factory in Wanzhou was temporarily suspended from early August 2014, until around early November 2014. This was disclosed in the Company's announcements dated 14, 20 and 28 August 2014, 27 October 2014 and 6 November 2014. The Company notes that operations at the Wanzhou factory are now back to normal.
- (d) As stated above, payments from the bank accounts of certain of the Company's subsidiaries were suspended beginning from August 2014. The suspension has been lifted on all these bank accounts, apart from NVC China's bank account with China Construction Bank. This information was disclosed in the Company's announcements dated 14 August 2014, 6 November 2014, 21 January 2015 and 14 April 2015.

The withdrawal of around RMB 550 million from NVC China's accounts, and the freezing of the bank balance in an NVC China bank account, as a result of the 14 Purported Pledge and Guarantee Agreements, have not had a significant operational impact on the Company, given that the Company has, and had at the material time, substantial net current assets, sufficient to support its operations. Furthermore, the Purported Nanyue and Tongyi Guarantees have not caused any significant additional operational impact on the Company.

Second Resumption Condition: Demonstrate that the Company has put in place adequate financial reporting procedures and internal control systems to meet its Listing Rule obligations

The Company engaged the Internal Controls Consultant to conduct an internal controls assessment of the Company and its key subsidiaries, the purpose of which was to provide the Company with an internal controls assessment in the context of the alleged unauthorised connected transactions that occurred at NVC China in 2013 and 2014. The internal controls assessment covered both corporate level controls (*ie*, corporate controls, financial reporting and disclosure controls) and operational level controls of the Company, as well as selected business processes of the Company's key subsidiaries.

The internal controls assessment identified various deficiencies in the internal controls

systems of the Company and its key subsidiaries. Please refer to the First Findings Announcement.

Follow-up remedial actions were taken by the Company to address these deficiencies, and the Company further instructed the Internal Controls Consultant to conduct a follow-up internal controls assessment in respect of the Company's implementation of recommendations in the earlier internal controls assessment.

At the conclusion of the follow-up internal controls assessment, the Internal Controls Consultant concluded that all deficiencies identified in the earlier internal controls assessment had been remediated. In addition, the IRC noted that while the findings of the Internal Controls Consultant identified various weaknesses in the internal controls systems of the Company, based on various discussions between the management of the Company and the IRC, the findings of the forensic review and also the findings of the internal controls review, the IRC agrees with the view of the management of the Company, *ie*, the Company does not consider that the deficiencies in the internal controls systems of the Company have caused the purported entering into of certain pledge/guarantee agreements and alleged 20-year licensing agreements, as there is evidence that Mr Wu has intentionally perpetrated these acts. As a result, the Board has reason to believe that the Company has adequate internal control systems in place to ensure compliance with the Listing Rules obligations. Please refer to the Company's announcement dated 17 September 2015 (the "**Second Findings Announcement**").

Third Resumption Condition: Disclose the findings of the forensic review and the internal control review, and address issues identified by DTFAS; and if necessary, conduct further investigations/reviews with appropriate scope

Key findings of the forensic review and the internal controls assessment were disclosed by the Company in the First Findings Announcement, and key findings of the supplemental forensic review and the follow-up internal controls assessment were in the Second Findings Announcement.

Fourth Resumption Condition: Inform the market of all material information

The Company believes that it has informed the market of all material information available to it relating to the Irregularities, including the Purported Nanyue and Tongyi Guarantees, and their impact on the Company. Please refer to the Company's announcements since July 2014. In addition, the Board considers that it is not in possession of any other material undisclosed inside information as at the date of this announcement.

RESUMPTION OF TRADING

By reason of the above, the Board believes that the Company has fulfilled all of the Resumption Conditions.

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 11 August 2014 at the request of the Company. As all the Resumption Conditions have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Company's shares with effect from 9:00 a.m. on 26 October 2015 on the Stock Exchange.

By Order of the Board

NVC LIGHTING HOLDING LIMITED
Wang Donglei
Chairman

Hong Kong, 23 October 2015

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

Executive Directors:

WANG Donglei
WANG Dongming
XIAO Yu
XIONG Jie

Non-executive Directors:

LIN Ho-Ping
ZHU Hai
LI Wei

Independent Non-executive Directors:

LEE Kong Wai, Conway
WU Ling
WANG Xuexian
WEI Hongxiong