

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



NVC LIGHTING HOLDING LIMITED

雷士照明控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2222)

**ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION**

NEW ETIC SALES AGREEMENT

Reference is made to the announcement of the Company dated 28 August 2013, in which the Company set out detailed information in relation to the transactions entered into between the Company and ETIC under the ETIC Sales Agreement.

As the ETIC Sales Agreement was expired on 31 December 2015 and the Company intends to continue carrying out these transactions in the ordinary and usual course of business with ETIC, the Company therefore entered into the New ETIC Sales Agreement with ETIC on 14 March 2016.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ETIC is a substantial shareholder of the Company holding approximately 27.03% 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 connected transactions of the Company under the Listing Rules.

As one or more of the applicable Percentage Ratios calculated based on the annual caps of considerations under the New ETIC Sales Agreement is more than 0.1% but less than 5%, the transactions under the New ETIC Sales Agreement 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.

BACKGROUND INFORMATION

Reference is made to the announcement of the Company dated 28 August 2013, in relation to the continuing connected transaction between the Group and ETIC under the ETIC Sales Agreement.

As the ETIC Sales Agreement was expired on 31 December 2015 and the Company intends to continue carrying out these transactions in the ordinary and usual course of business with ETIC, the Company therefore entered into the New ETIC Sales Agreement with ETIC on 14 March 2016.

NEW ETIC SALES AGREEMENT

Principal Terms of the New ETIC Sales Agreement:

Parties: The Company and ETIC

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

Pricing: The prices charged on ETIC and its Affiliates will be agreed following arm's length negotiations between the parties with reference to the prevailing market price. In determining the market price, the business department of the relevant subsidiary of the Company shall collect the relevant market information (including but not limited to the price for the same or similar type of finished products and raw materials), review and compare the costs and profits of transactions conducted in the most recent year of the same or similar type entered into with ETIC or at least two independent third parties, and prepare fee quotes for review by the marketing department of the relevant subsidiary of the Company, and the marketing department of the relevant subsidiary may need to further submit the fee quotes to the management of such subsidiary for review depending on the actual situations (such as the amount and size of the transaction).

Term of the Agreement: The term of the New ETIC Sales Agreement is three years commencing from 1 January 2016.

Historical Amounts

The existing annual caps for the amount receivable by the Group under the original ETIC Sales Agreement for the years ended 31 December 2013, 2014 and 2015 are RMB50 million, RMB100 million and RMB100 million, respectively. The actual amount received/receivable by the Group under the original ETIC Sales Agreement for the years ended 31 December 2013, 2014 and 2015 were RMB0, RMB0 and RMB787,959, respectively.

Proposed Annual Caps

The proposed annual caps of the consideration receivable by the Group under the New ETIC Sales Agreement for each of the three years ending 31 December 2016, 2017 and 2018 are RMB100 million, RMB100 million and RMB100 million, respectively. In determining the above annual caps, the Board took into account historical ETIC and other customers' sales of similar products as well as the increase in product sales of the Group and expected market price of the LED lamp products.

The proposed annual caps for the year 2016, 2017 and 2018 are significantly higher than the historical amounts mainly because of (1) the continued expansion of the business scale of the Group; (2) the expected increase in product sales and price to ETIC; (3) the rapid development of the lighting industry and future demand for energy saving products in China.

Reasons for and Benefits of the New ETIC Sales Agreement

The Company entered into the New ETIC Sales Agreement given the continued demand for such finished products by ETIC and its Affiliates in the next three years and the fees paid/payable by ETIC and its Affiliates are competitive.

INTERNAL CONTROL AND PRICING POLICY

The Company has developed a set of internal control measures in order to ensure the pricing standards stipulated under the New ETIC Sales Agreement are effectively implemented from time to time and the terms for the New ETIC Sales Agreement are not less favorable than those available from Independent Third Parties. The key internal control measures are as follows:

- (1) the prices and rents under the New ETIC Sales Agreement will be negotiated on arm's length basis and with reference to the prevailing market prices of the similar products or properties in similar locations. Such price or rents shall not be less favorable than the average price or rents charged or paid by other Independent Third Parties;
- (2) the Company will supervise the continuing connected transactions in accordance with the procedures set forth in the Company's internal control manual on continuing connected transactions, pursuant to which, the relevant personnel of the business department and the legal department of the Group will conduct regular research to review and assess whether the transactions contemplated under the relevant continuing connected transaction are conducted in accordance with the terms of its respective agreement. The business department will also regularly update the average market price offered by at least two independent third party generally through obtaining quotations via emails, fax or phone and tenders by publishing tender notice via various media resources. The business department of the Group will continue to monitor if the price charged for a specific transaction under the New ETIC Sales Agreement is fair and reasonable and in accordance with the aforesaid pricing policy and shall report to the management and the Board any case which may exceed the annual caps under the New ETIC Sales Agreement on a timely basis;
- (3) the Company's external auditors will conduct an annual review on the pricing and the annual caps of the continuing connected transactions;
- (4) the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions.

The Board is of the opinion that the Company has adopted adequate internal control measures to ensure that the continuing connected transactions as contemplated under the New ETIC Sales Agreement are on normal commercial terms and the terms are not less favourable than the terms provided by an independent third party for provision of similar products or services, and that the pricing policy is fair and reasonable so far as the Company is concerned.

INFORMATION OF THE COMPANY AND 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.

ETIC directly and indirectly holds approximately 27.03% 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ETIC is a substantial shareholder of the Company holding approximately 27.03% 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 connected transactions of the Company under the Listing Rules.

As one or more of the applicable Percentage Ratios calculated based on the annual caps of considerations under the New ETIC Sales Agreement is more than 0.1% but less than 5%, the transactions under the New ETIC Sales Agreement 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.

The Directors (including the independent non-executive Directors) consider that the terms of the New 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.

Mr. Wang Donglei, who concurrently serves 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 its Affiliates and have abstained from voting on the Board resolutions in relation to the proposed transactions and their proposed annual caps under the New ETIC Sales Agreement.

DEFINITION

“Affiliates”	in relation to any party, another entity which is directly or indirectly controlled by or under common control with, or in control of, that party, “control” here refers to the ownership of more than 50% of the voting shares or the registered capital of an entity, or the power to appoint or elect a majority of the directors or managers or the power to direct the management of an entity through any other way. In relation to ETIC, the Company shall not be considered an Affiliate of ETIC.
“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.
“Company”	NVC Lighting Holding Limited.
“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.* (廣東德豪潤達電氣股份有限公司), a PRC incorporated company which is currently listed on the Shenzhen Stock Exchange and a substantial shareholder of the Company.
“ETIC Sales Agreement”	a framework finished products and raw material agreement entered into between the Company and ETIC on 28 August 2013.
“Group”	the Company and its subsidiaries.
“LED”	Light-Emitting Diode.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“New ETIC Sales Agreement”	a renewed framework finished products and raw material agreement entered into between the Company and ETIC on 14 March 2016 which set out the annual cap for the three years ended 31 December 2016, 2017 and 2018.
“Percentage Ratios”	has the meaning ascribed to it under Chapter 14 of Listing Rules.
“RMB”	Renminbi, the lawful currency of the PRC.
“Shareholders”	shareholders of the Company.
“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).

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

Hong Kong, 14 March 2016

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