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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)

REVISED ANNUAL CAPS FOR THE TRANSACTIONS CONTEMPLATED UNDER THE ETIC PURCHASE AGREEMENT

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Reference is made to the 2013 Announcement, in which the Company set out detailed information in relation to certain continuing connected transactions, including, among others, the transactions between the Group and ETIC which are governed under the ETIC Purchase Agreement. Reference is also made to the Company's announcement dated 22 January 2016 in relation to the renewal of the ETIC Purchase Agreement and the original annual caps for the three years ending 31 December 2016, 2017 and 2018 under the ETIC Purchase Agreement.

In view of the better-than-expected demand for ETIC's products, the Company expects that the original annual cap for the transactions under the ETIC Purchase Agreement for the three years ending 31 December 2018 will not be sufficient to meet the Company's requirements. Accordingly, the Board approved to revise upward the annual caps for the transactions under the ETIC Purchase Agreement for the three years ending 31 December 2018.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ETIC is a substantial shareholder of the Company holding approximately 26.32% 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 Revised Annual Caps under the ETIC Purchase Agreement is more than 0.1% but less than 5%, the transactions under the ETIC Purchase 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 2013 Announcement in relation to certain continuing connected transactions, including, among others, the transactions between the Group and ETIC which are governed under the ETIC Purchase Agreement. Reference is also made to the Company's announcement dated 22 January 2016 in relation to the renewal of the ETIC Purchase Agreement and the original annual caps for the three years ending 31 December 2016, 2017 and 2018 under the ETIC Purchase Agreement.

In view of the better-than-expected demand for ETIC's products, the Company expects that the original annual cap for the transactions under the ETIC Purchase Agreement for the three years ending 31 December 2018 will not be sufficient to meet the Company's requirements. Accordingly, the Board approved to revise upward the annual caps for the transactions under the ETIC Purchase Agreement for the three years ending 31 December 2018.

DETAILS OF THE ETIC PURCHASE AGREEMENT AND REVISED ANNUAL CAPS

The ETIC Purchase Agreement

Principal Terms of the ETIC Purchase Agreement:

Parties: The Company and ETIC

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

Pricing: The prices charged by 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 ETIC Purchase Agreement is three years commencing from 1 January 2016.

Historical Amounts

The annual caps for the amount payable by the Group under the original ETIC Purchase Agreement for the years ended 31 December 2013, 2014 and 2015 are RMB130 million, RMB170 million and RMB170 million, respectively. The actual amount paid/payable by the Group under the original ETIC Purchase Agreement for the years ended 31 December 2013, 2014 and 2015 were RMB3.51 million, RMB108.10 million and RMB109.61 million, respectively.

Original Annual Caps

The original annual caps of the purchase price payable by the Group under the ETIC Purchase Agreement for each of the three years ending 31 December 2016, 2017 and 2018 are RMB100 million, RMB100 million and RMB100 million, respectively.

Revised Annual Caps

The proposed Revised Annual Caps of the purchase price payable by the Group under the ETIC Purchase Agreement for the years ending 31 December 2016, 2017 and 2018 are RMB120 million, RMB130 million and RMB140 million, respectively. In determining the above Revised Annual Caps, the Board took into account historical data on purchasing similar products from other suppliers, the historical actual transaction amount paid/payable by the Group under the original ETIC Purchase Agreement for the years ending 31 December 2014 and 2015, the upcoming excess of the expected transaction amount paid/payable by the Group under the ETIC Purchase Agreement in 2016, the expected future demand of the Group on the relevant products for the years ending 31 December 2017 and 2018 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 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 ETIC Purchase Agreement are effectively implemented from time to time and the terms for the ETIC Purchase Agreement are not less favorable than those available from Independent Third Parties. The key internal control measures are as follows:

- (1) the prices under the ETIC Purchase Agreement will be negotiated on arm's length basis and with reference to the prevailing market prices of the similar products. Such price shall not be less favorable than the average price charged 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 individual 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 ETIC Purchase 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 ETIC Purchase 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 contemplated under the ETIC Purchase 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, and that the pricing policy is fair and reasonable so far as the Company is concerned.

INFORMATION OF THE COMPANY AND THE COUNTERPARTY

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 26.32% 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 26.32% 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 Revised Annual Caps under the ETIC Purchase Agreement is more than 0.1% but less than 5%, the transactions under the ETIC Purchase 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 ETIC Purchase Agreement and the Revised Annual Caps 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 resolution in relation to the Revised Annual Caps under the ETIC Purchase Agreement.

DEFINITION

“2013 Announcement”	The announcement of the Company dated 28 August 2013, in respect of, among other things, the continuing connected transactions contemplated under the original ETIC Purchase Agreement for the years ended 31 December 2013, 2014 and 2015.
“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.
“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 Purchase Agreement”	a framework finished products and raw material purchase agreement entered into between the Company and ETIC on 28 August 2013 as renewed, amended or supplemented from time to time.
“Group”	the Company and its subsidiaries.
“Independent Third Party(ies)”	a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company.
“LED”	Light-Emitting Diode.

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Percentage Ratios”	has the meaning ascribed to it under Chapter 14 of Listing Rules.
“Revised Annual Caps”	the revised annual caps proposed for the continuing connected transactions under the ETIC Purchase Agreements for the years ending 31 December 2016, 2017 and 2018 approved by the Board on 29 November 2016.
“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).
*	<i>denotes English translation of the name of a Chinese company or entity and is provided for identification purposes only</i>

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

Hong Kong, 29 November 2016

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

Executive Directors:

WANG Donglei
WANG Dongming
XIAO Yu

Non-executive Directors:

ZHU Hai
LI Wei
Yang Jianwen

Independent Non-executive Directors:

LEE Kong Wai, Conway
WANG Xuexian
WEI Hongxiong