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G HOLDING LIMITED

雷士照明控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2222)

PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

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The Board is pleased to announce that, on 20 May 2016, the Subscription Agreement was entered into between the Company and the Investor in relation to the Convertible Bonds, pursuant to which the Company has conditionally agreed to issue, and the Investor has conditionally agreed to subscribe in cash for Convertible Bonds in the aggregate principal amount of HK\$500,000,000. Completion is subject to the fulfilment of all conditions set out in the section headed “Conditions Precedent” below.

The Conversion Shares are to be issued under the Existing General Mandate. The issue of the Convertible Bonds is not subject to the approval of the Shareholders.

The estimated proceeds of HK\$500,000,000 from the issue of the Convertible Bonds are intended to be used for general corporate and business development and working capital requirements.

No listing of the Convertible Bonds will be sought on the HKSE or any other stock exchanges. The Company shall apply to the HKSE for the granting of listing of, and permission to deal in, the Conversion Shares to be issued on the exercise of the Convertible Bonds, and use reasonable endeavours to obtain the granting of such listing and such permission to deal by the HKSE.

WARNING: As the Subscription Agreement may or may not complete, the Convertible Bonds may or may not be issued and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On 20 May 2016, the Company and the Investor entered into the Subscription Agreement, the principal terms of which are summarised below.

THE SUBSCRIPTION AGREEMENT

Date

20 May 2016

Parties

- (1) The Company as the issuer; and
- (2) the Investor as the investor.

- (6) The Subscription Agreement and Bond Instruments having been executed and delivered by the respective parties;
- (7) The approval from the HKSE for the listing of, and permission to deal in, the Conversion Shares which fall to be issued upon conversion of the Bond Instrument;
- (8) The Existing General Mandate has not been revoked as at the date of the Subscription Agreement; and
- (9) There shall have been no material adverse change in the operations, properties, conditions (financial or otherwise) or prospect of the Company and its subsidiaries, taken as a whole since the date hereof

Termination of the Subscription Agreement

This Agreement may be terminated by the mutual written agreement signed and executed by all the parties hereto, or in the event that not all Conditions have been satisfied or waived by the Investor on or prior to the Long Stop Date.

Completion

Completion shall take place on the date which is two Business Days after the date on which the Company notifies the Investor that all conditions precedent has been fulfilled or waived, or such other date as agreed to in writing between the Company and the Investor.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarised as follows:

Issuer:	The Company
Principal amount:	An aggregate principal amount of HK\$500,000,000.
Form and denomination:	The Bonds are issued in registered form, without coupon attached, in the denomination of HK\$500,000 each and integral multiples of HK\$500,000 in excess thereof.
Issue price:	100% of the principal amount of the Convertible Bonds.
Interest:	The Convertible Bonds bear interest from and including the Issue Date at the rate of 7.8 per cent per annum payable semi-annually in arrears on 20 June and 20 December in each year (each an <i>Interest Payment Date</i>).
Maturity Date:	The date falling on the First Maturity Date or the Second Maturity Date. The First Maturity Date may be extended to the second Maturity Date if agreed by the Company and the Bondholder in writing at least 30 days prior to the First Maturity Date.

Conversion Period:

- (i) any time after the Issue Date up to and excluding the close of business on the Maturity Date; or
- (ii) if the Convertible Bonds shall have been called for redemption before Maturity Date, up to and including the close of business the day prior to such date calling for redemption thereof.

Conversion Price:

The price at which Conversion Shares will be issued upon conversion will initially be HK\$0.925 per Conversion Share subject to adjustment in the section headed "Adjustment Events".

The initial Conversion Price of HK\$0.925 per Conversion Share represents: (i) a premium of approximately 7.56% over the closing price of HK\$0.86 per Share as quoted on the Stock Exchange on the last Business Day prior to the date of the Subscription Agreement; (ii) a premium of approximately 6.32% over the average closing price of HK\$0.87 per share as quoted on the HKSE for five Business Days to and including last Business Day prior to the date of the Subscription Agreement; (iii) a premium of approximately 11.45% over the average closing price of HK\$0.83 per Share as quoted on the HKSE for the ten Business Days up to and including last Business Day prior to the date of the Subscription Agreement.

Conversion Shares:

Based on the initial Conversion Price of HK\$0.925, a maximum number of 540,540,540 Conversion Shares will be allotted and issued upon exercise of the Conversion Rights attached to the Convertible Bonds in full, which represent:

- (i) approximately 17.28% of the total issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 14.73% of the total issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the Conversion Rights attaching to the Convertible Bonds in full.

Conversion Rights:

Subject to the terms and conditions of the Convertible Bonds, the Bondholder shall have be entitled the right to convert the Convertible Bonds into Shares credited as fully paid at any time during the Conversion Period.

Adjustment Events:

The Conversion Price shall from time to time be subject to adjustment upon the occurrence of the following events:

- (i) consolidation, reclassification or subdivision;
- (ii) capitalisation of profits or reserves;

- (iii) distributions;
- (iv) rights issues of shares or options over shares;
- (v) rights issues of other securities;
- (vi) issues at less than current market price;
- (vii) other issues at less than current market price;
- (viii) modification of rights of conversions etc; and
- (ix) other offers to shareholders.

Negative Pledge:

The Company will not create, or have outstanding, any encumbrance upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Convertible Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an resolution passed by the Majority Bondholders.

“Relevant Indebtedness” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market (whether or not initially distributed by way of private placement).

Transferability:

The Bonds and all rights and interests attaching thereto shall not be transferred without the Company’s prior written consent save and except that the Investor may transfer the Bonds and all rights and interests attaching thereto to any of the Investor’s Affiliates or an Affiliate of Guoyuan Asset Management (HK) Ltd., on the condition that the Investor shall procure that such Investor’s Affiliate or Affiliate of Guoyuan Asset Management (HK) Ltd. will not transfer the Bonds or any right and interest to any other person. No transfer of a Convertible Bond will be valid unless and until entered on the register of Bondholders.

“Affiliate” means, in relation to a person, any entity that directly or indirectly Controls such person or is directly or indirectly Controlled by such person, or any entity that is under direct or indirect common Control with such person.

“Control” means possession, directly or indirectly, of the power to direct or cause the direction of the operations and management or policies of an entity, whether through the ownership of voting securities, by contract or otherwise, and Controlled and Controls shall be construed accordingly.

Ranking:

The Convertible Bonds will constitute direct, unsubordinated, unconditional and (subject to the Negative Pledge described above) unsecured obligations of the Company and will at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and subject to the Negative Pledge described above, at all times rank at least equally with all of the Company’s other present and future direct, unsubordinated, unconditional and unsecured obligations.

The Conversion Shares, when issued and delivered, fully-paid and in all respects rank *pari passu* with the fully-paid Shares in issue on the relevant Registration Date and except that such Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record or other due date for the establishment of entitlement for which falls prior to the relevant Registration Date.

“**Registration Date**” means the date that the relevant holder of the Conversion Shares is registered as such in the Company’s register of members.

APPLICATION FOR LISTING

No listing of the Convertible Bonds will be sought on the HKSE or any other stock exchanges. The Company shall apply to the HKSE for the granting of listing of, and permission to deal in, the Conversion Shares to be issued on the exercise of the Convertible Bonds, and use reasonable endeavours to obtain the granting of such listing and such permission to deal by the Listing Committee of the HKSE.

REASONS FOR THE ISSUE OF CONVERTIBLE BONDS AND USE OF PROCEEDS

The Group is principally engaged in lighting products in China. It designs, develops, produces, markets and sells a variety of lighting products, with a strong focus on energy-saving products. The Company intends to use the net proceeds for general corporate and business development and working capital requirements.

The Directors have considered various ways of raising funds in the capital market and consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since (i) they will not have an immediate dilution effect on the shareholding of existing Shareholders; and (ii) if the Conversion Rights attaching to the Convertible Bonds are exercised, the shareholder base of the Company will be enlarged and the financial position of the Group will be improved for establishing and strengthening the existing and future business of the Group. The Board considers that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITY IN THE LAST 12 MONTHS

The Company did not conduct any fund raising exercise by way of issue of equity securities in the past 12 months immediately preceding the date of this announcement.

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

At the annual general meeting of the Company held on 30 June 2015, an ordinary resolution was passed to grant the Existing General Mandate to the Directors to allot, issue and deal with Shares, not exceeding the aggregate of 20% of the entire issued share capital of the Company in issue on the date of such annual general meeting, which amounted to 625,689,600 Shares.

Based on the initial Conversion Price of HK\$0.925 per Conversion Share, up to 540,540,540 new Shares will be allotted and issued under the Existing General Mandate upon the full conversion of the Bonds.

As at the date of this announcement, there has been no Shares issued under the Existing General Mandate. The Conversion Shares will be allotted and issued under the Existing General Mandate and no Shareholders' approval is required.

INFORMATION ON THE GROUP

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.

INFORMATION ON THE INVESTOR

The Investor is a segregated investment portfolio company incorporated in Cayman Islands and is principally engaged in investment activities.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF CONVERSION

The table below illustrates the shareholding structure of the Company as at the date of this announcement and upon exercise in full of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$0.925 per Conversion Share on the assumptions that there will be no other change to the share capital of the Company from the date of this announcement until the completion of the conversion of the Bonds in full:

Name of Shareholders	As at the date of this announcement		Assuming all the outstanding amount of the Bonds are fully issued and converted into new Shares at the initial Conversion Price of HK\$0.925 per Share each	
	Number of Shares	% of total issued Shares	Number of Shares	% of the enlarged issued Shares
Elec-Tech International (H.K.) Company Limited	845,746,000	27.03	845,746,000	23.05
SB Asia Investment Fund II L.P.	578,711,000	18.50	578,711,000	15.77
Schneider Electric Asia Pacific Limited	288,371,000	9.22	288,371,000	7.86
GS Direct, L.L.C.	177,351,000	5.67	177,351,000	4.83
Other Public Shareholders	1,238,269,000	39.58	1,238,269,000	33.75
The Investor	<u>0</u>	<u>0</u>	<u>540,540,540</u>	<u>14.73</u>
Total Issued Shares	<u><u>3,128,448,000</u></u>	<u><u>100.00%</u></u>	<u><u>3,668,988,540</u></u>	<u><u>100.00%</u></u>

WARNING: As the Subscription Agreement may or may not complete, the Convertible Bonds may or may not be issued and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Bondholder(s)”	the holders of the Convertible Bonds
“Bond Conditions”	the terms and conditions of the Bonds set out in Schedule 1 of the Subscription Agreement (as may be amended by agreement between the Company and the Investor)
“Bond Instrument”	a bond instrument constituted by a definitive bond certificate in respect of the Bonds and the Bond Conditions
“Business Day”	a day other than Saturday, Sunday and public holiday on which banks are open for general business in Hong Kong and on which the HKSE is open for business of dealing in securities
“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 of the PRC and Taiwan
“Company”	NVC Lighting Holding Limited
“Completion Date”	two Business Days after the satisfaction or waiver of the conditions precedent, or such other date as agreed to in writing between the Company and the Investor
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$500,000,000 to be issued by the Company pursuant to the Subscription Agreement
“Conversion Share”	the new Shares to be allotted and issued by the Company upon exercise of the conversion rights attaching to the Convertible Bonds
“Director(s)”	the director(s) of the Company.
“Existing General Mandate”	the general mandate granted to the Directors by the resolution of the Shareholders passed at the annual general meeting of the Company held on 30 June 2015 to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the passing of the relevant resolution

“First Maturity Date”	the second anniversary of the Issue Date of the Convertible Bonds
“Group”	the Company and its subsidiaries
“HKSE”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
“Investor”	Guoyuan Investment Fund Series SPC (acting on behalf of Guoyuan Global Income Fund Segregated Portfolio)
“Issue Date”	the date on which the Company delivers to the Investor (or its nominee) the Bond Instrument in accordance with the Subscription Agreement, which shall be the same date as the Completion Date unless otherwise agreed between the Company and the Investor
“LED”	Light-Emitting Diode
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	the date that is three months from the date of the Subscription Agreement
“Majority Bondholders”	at any time, any one or more holders holding Convertible Bonds or being proxies or representatives in respect of Convertible Bonds and representing, in the aggregate, more than 50 per cent of the aggregate principal amount of all Convertible Bonds then outstanding
“Maturity Date”	the First Maturity Date and the Second Maturity Date
“Second Maturity Date”	the fourth anniversary of the Issue Date of the Convertible Bonds.
“Share(s)”	ordinary share(s) of US\$0.0000001 each in the share capital of the Company
“Shareholders”	registered holders of the Shares
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Investor dated 20 May 2015 in relation to the issue of the Convertible Bonds
“US\$”	United States dollars, the lawful currency of the United States

“we”, “us” or “our”

Our Company or our Group (as the context may require)

%

per cent

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

Hong Kong, 20 May 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