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雷士照明

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)

NEW ANNUAL CAP FOR EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Prospectus, in which the Company disclosed, among others, relevant information with respect to the continuing connected transactions between the Group and Mr. Wu's associates in relation to the framework trademark licensing agreement and the framework distribution management agreement.

The Company expects that the original annual caps will not be sufficient for the expected fees to be charged by the Group. The Board therefore proposes to revise the annual caps in relation to the framework trademark licensing agreement and the framework distribution management agreement for the years ending 31 December 2010, 2011 and 2012.

Given that the applicable Percentage Ratios for the revised annual caps are less than 5%, the transactions under the framework trademark licensing agreement and the framework distribution management agreement are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempted from the independent shareholders' approval requirement.

NEW ANNUAL CAP FOR EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Prospectus, in which the Company disclosed, among others, relevant information with respect to the continuing connected transactions between the Group and Mr. Wu 's associates in relation to the framework trademark licensing agreement and the framework distribution management agreement.

A. The Framework Trademark Licensing Agreement

On 20 April 2010, the Company entered into a framework trademark licensing agreement with Sheng Di Ai Si, Shandong NVC and Chongqing Enlin, which are associates of Mr. Wu, pursuant to which the Company granted to each Licensee a non-exclusive and non-transferrable right to use certain of the Company's registered trademarks in the PRC. The trademark licensing fees are three percent of each Licensee's sales (including value added tax) of products using licensed trademarks. The term of the framework trademark licensing agreement is three years commencing on 20 May 2010 or until the expiration date of the licensed trademarks, whichever period is shorter. The trademark licensing fees were agreed following arm's length negotiations and were reviewed by the non-interested Directors. As such, the Directors consider that the terms of the framework trademark licensing agreement are on normal commercial terms. Under the framework trademark licensing agreement, the Company also has the right to inspect and appoint external auditors to audit the financial records of the Licensees.

Original Annual Caps

As disclosed in the Prospectus, the original annual caps for the years ending 31 December 2010, 2011 and 2012 were expected to be no more than US$2.77 million, US$3.87 million and US$5.42 million, respectively.

Revised Annual Caps and Reasons for the Revised Annual Cap

Based on the Board's review of the Group's management accounts as at 30 November 2010, the Board expects that the original annual caps will not be sufficient for the expected trademark licensing fees as the sales of the licensees had been higher than expected as a result of the improvement in market environment and effective sales channel expansion. In anticipation of the increasing sales of the licensees, the Board proposes to revise the original annual caps in relation to the trademark licensing agreement.

The original annual caps and the revised annual caps under the framework trademark licensing agreement proposed by the Board are as follows:

	For the year ending 31 December 2010 (US$ million)	For the year ending 31 December 2011 (US$ million)	For the year ending 31 December 2012 (US$ million)
Original annual caps	2.77	3.87	5.42
Revised annual caps	3.27	4.57	6.40

In determining the revised annual caps, the Board took into account the trademark licensing fees paid by Sheng Di Ai Si, Shandong NVC and Chongqing Enlin and the expected increase of Sheng Di Ai Si,Shandong NVC and Chongqing Enlin's sales (including value added tax) of products using licensed trademarks and took into account expected market conditions and demand for residential luminaire products that Sheng Di Ai Si and Shandong NVC produce and lighting components that Chongqing Enlin produces.

In light of the aforesaid, the Board (including the independent non-executive Directors) considers that the revised annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Historical Amounts

The historical figures of the trademark licensing fees paid by the Licensees to the Group for the years ended 31 December 2007, 2008 and 2009 were US$1.07 million, US$1.63 million and US$2.18 million, respectively. The historical figures include amount attributable to the transactions with 惠州恩林电器有限公司 (Huizhou Enlin Electronics Co., Ltd.*) before Huizhou Enlin Electronics Co., Ltd. vested most of its assets into Chongqing Enlin.

Based on the Group's review of the unaudited management accounts, the actual trademark licensing fees in relation to the framework trademark licensing agreement as at the date of this announcement have exceeded the original annual cap for the year ending 31 December 2010 by US$ 0.04 million.

B. The Framework Distribution Management Agreement

On 20 April 2010, in connection with the framework trademark licensing agreement, the Company entered into a framework distribution management agreement with Sheng Di Ai Si and Shandong NVC, which are associates of Mr. Wu, pursuant to which Sheng Di Ai Si and Shandong NVC sell residential luminaire produced by them through our distribution network and pay us six to eight percent of their respective sales through our distribution network as distribution commission. The distribution commission was agreed following arm's length negotiations and was reviewed by the non-interested Directors. The term of the framework distribution management agreement is three years commencing on 20 May 2010.

Original Annual Caps

As disclosed in the Prospectus, the original annual caps for the years ending 31 December 2010, 2011 and 2012 were expected to be no more than US$3.13 million, US$4.39 million and US$6.14 million, respectively.

Revised Annual Caps and Reasons for the Revised Annual Cap

Based on the review of the Group's management accounts as at 30 November 2010, the Board expects that the original annual caps will not be sufficient for the expected distribution commission as the sales of Sheng Di Ai Si and Shangdong NVC's products through the Group's distribution network had been higher than expected as a result of the improvement in market environment and effective sales channel expansion. In anticipation of the increasing sales of Sheng Di Ai Si and Shangdong NVC's products through the Group's distribution network, the Board therefore proposes to revise the original annual caps in relation to the framework distribution management agreement.

The original annual caps and the revised annual caps under the framework distribution management agreement proposed by the Board are as follows:

	For the year ending 31 December 2010	For the year ending 31 December 2011	For the year ending 31 December 2012
	(US$ million)	(US$ million)	(US$ million)
Original annual caps	3.13	4.39	6.14

Revised annual caps	4.90	6.86	9.60

In determining the revised annual caps, the Board took into account the historical figures of the distribution commission paid by Sheng Di Ai Si and Shandong NVC and the expected increase of Sheng Di Ai Si and Shandong NVC's sales through our distribution network , and have taken into account expected market conditions and demand for residential luminaire products that Sheng Di Ai Si and Shandong NVC produce.

In light of the aforesaid, the Board (including the independent non-executive Directors) considers that the revised annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Historical Amounts

The historical figures of the distribution commission paid by Sheng Di Ai Si and Shandong NVC to the Group for the years ended 31 December 2007, 2008 and 2009 were nil, US$0.73 million and US$2.41 million, respectively.

Based on the Group's review of the unaudited management accounts, the actual distribution commission in relation to the framework trademark licensing agreement as at the date of this announcement has exceeded the original annual cap for the year ending 31 December 2010 by US$ 0.73 million .

Reasons for and Benefits of the Framework Trademark Licensing Agreement and the Framework Distribution Management Agreement

To further promote our brand name and broaden our product offering, we have entered into trademark licensing agreements with the Licensees, for the production of certain residential luminaires and lighting components using our registered trademarks. The products of these licenses are complementary to our existing product portfolio. Sheng Di Ai Si and Shandong NVC's products are primarily sold to our distributors through our distribution network, who in turn sell these products to end customers through NVC outlets. The Board (including the independent non-executive Directors) considers that the terms of the framework trademark licensing agreement and the framework distribution management agreement are on normal commercial terms and fair and reasonable, and the framework trademark licensing agreement and the framework distribution management agreement were entered into in the ordinary and usual course of the business of the Group and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE GROUP 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's mother in law. Accordingly, Sheng Di Ai Si is an associate of Mr. Wu 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.

Shandong NVC is a company incorporated in the PRC and is owned as to 48% by Ms. Chen Min, Mr Wu's mother in law. Accordingly, Shandong NVC is an associate of Mr. Wu under the Listing Rules and a connected person of the Company. Shandong NVC is principally engaged in the design, development, production and sale of ceiling mounted lights for kitchen/bathroom use.

Chongqing Enlin is a company incorporated in the PRC and is owned as to 99% by 惠州恩林电器有限公司 (Huizhou Enlin Electronics Co., Ltd.*) in which Ms. Chen Min, Mr. Wu's mother in law holds a 36.2% equity interest. Accordingly, Chongqing Enlin is an associate of Mr. Wu under the Listing Rules and a connected person of the Company. Chongqing Enlin is principally engaged in the design, development, production, marketing and sale of ancillary products and components such as lighting switches.

LISTING RULES IMPLICATIONS

Pursuant to the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will have to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As Sheng Di Ai Si, Shandong NVC and Chongqing Enlin are associates of Mr. Wu and thus are connected persons of the Company, the transactions under the framework trademark licensing agreement and framework distribution management agreement constitute continuing connected transactions of the Company under Rule 14A.13(1)(a) of the Listing Rules.

Given that the applicable Percentage Ratios for the revised annual caps are less than 5%, the transactions under the framework trademark licensing agreement and framework distribution management agreement are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempted from the independent shareholders' approval requirement.

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 of the PRC and Taiwan
"Chongqing Enlin"	重慶恩林電器有限公司(Chongqing Enlin Electronics Co., Ltd.*), a limited liability company incorporated in the PRC and an associate of Mr. Wu and thus a connected person of the Company
"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
"Group"	the Company and its subsidiaries
"Licensee(s)"	Sheng Di Ai Si, Chongqing Enlin and/or Shandong NVC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Mr. Wu"	the chairman, chief executive officer, an executive Director and a substantial shareholder of the Company
"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
"Shandong NVC"	山東雷士照明發展有限公司(Shandong NVC Lighting Development Co., Ltd.*), a limited liability company incorporated in the PRC and an associate of Mr. Wu and thus a connected person of the Company
"Sheng Di Ai Si"	中山市聖地爱司照明有限責任公司(Zhongshan Sheng Di Ai Si Lighting Co., Ltd.*), a limited liability company incorporated in the PRC and an associate of Mr. Wu and thus a connected person of the Company
"Substantial shareholder"	has the meaning ascribed thereto under the Listing Rules
"US$"	United States dollars, the lawful currency of the United States
%	per cent

* *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

WU Changjiang
Chairman

Hong Kong, 24 Dec 2010

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

Executive Directors:
WU Changjiang

WU Jiannong

MU Yu

Non-executive Directors:
XIA Lei

YAN Andrew Y

LIN Ho-Ping

HUI Ming Yunn, Stephanie

Independent non-executive Directors:
Alan Russell POWRIE

Karel Robert DEN DAAS

WANG Jinsui