

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.



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)

**ADDITION OF A NEW COUNTERPARTY AND NEW ANNUAL CAPS 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 distribution management agreement and the announcement dated 24 December 2010 published by the Company regarding the revised annual caps under this agreement.

Chongqing Enlin has become a new counterparty to the framework distribution management agreement and may sell ancillary products and components through our distribution network and pay us six to eight percent of its sales through our distribution network as distribution commission. As a result, the Board proposes to further revise the annual caps in relation to the framework distribution management agreement for the years ending 31 December 2011 and 2012.

Given that the applicable Percentage Ratios for the revised annual caps are less than 5%, the transactions under 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.

**ADDITION OF A NEW COUNTERPARTY AND NEW ANNUAL CAPS 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 distribution management agreement and the announcement dated 24 December 2010 published by the Company regarding the revised annual caps under this agreement.

The Framework Distribution Management Agreement

On 20 April 2010, the Company entered into a framework distribution management agreement with Shandong NVC and Sheng Di Ai Si, which are associates of Mr. Wu, pursuant to which Shandong NVC and Sheng Di Ai Si sell residential luminaires 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. The framework agreement was revised on 31 May 2011 by adding Chongqing Enlin as a counterparty to initiate the management of its products sold through our distribution network. Under this agreement, Chongqing Enlin may sell ancillary products and components through our distribution network and pay us six to eight percent of its sales through our distribution network as distribution commission. A Board meeting was held on 31 May 2011 in connection with the amendment. In the Board meeting, it is noted that Mr. Wu had given general notice for the record that the counterparties to the transaction are his associates and that accordingly he should be regarded as interested in the transaction and shall abstain from voting.

Annual Caps Disclosed

As disclosed in the announcement dated 24 December 2010 published by the Company, the annual caps for the years ending 31 December 2011 and 2012 are expected to be no more than US\$6.86 million and US\$9.60 million, respectively.

Revised Annual Caps and Reasons for the Revised Annual Cap

With the addition of a new counterparty to this agreement, the Board expects that the aforesaid annual caps will not be sufficient for the expected distribution commission. The Board therefore proposes to further revise the annual caps in relation to the framework distribution management agreement.

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

	For the year ending 31 December 2011	For the year ending 31 December 2012
	(US\$ million)	(US\$ million)
Revised annual caps	11.3	15.84

In determining the above revised annual caps, the Board took into account the historical figures of the distribution commission paid by Shandong NVC and Sheng Di Ai Si, expected market conditions and demand for products that Chongqing Enlin, Shandong NVC and Sheng Di Ai Si 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 Shandong NVC and Sheng Di Ai Si to the Group for the years ended 31 December 2007, 2008, 2009 and 2010 were nil, US\$0.73 million, US\$2.41 million and US\$4.21 million, respectively.

Based on the Group's review of the unaudited management accounts, the actual distribution commission in relation to the framework distribution management agreement as at the date of this announcement has not exceeded the annual cap for the year ending 31 December 2011 as disclosed in the announcement dated 24 December 2010 published by the Company.

Reasons for and Benefits of The Framework Distribution Management Agreement

To further promote our brand name and broaden our product offering, we have entered into trademark licensing agreements with Chongqing Enlin, Shandong NVC and Sheng Di Ai Si, for the production of certain residential luminaires and ancillary products and components such as lighting switches using our registered trademarks. The products of these licenses are complementary to our existing product portfolio. According to the framework distribution management agreement, the products of these licensees 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 distribution management agreement are on normal commercial terms and fair and reasonable, and the framework distribution management agreement was 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.

Chongqing Enlin is a company incorporated in the PRC and is owned as to 99% by 惠州恩林電器有限公司 (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.

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 and bathroom use.

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.

LISTING RULES IMPLICATIONS

Pursuant to the Listing Rules, if there is a material change to the terms of this agreement or 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 Chongqing Enlin, Shandong NVC and Sheng Di Ai Si are associates of Mr. Wu and thus are connected persons of the Company, the transactions under the 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 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

“agreement”	the framework distribution management agreement which was entered by the Company, Shandong NVC and Sheng Di Ai Si on 20 April 2010 and revised on 24 December 2010 and 31 May 2011, respectively
“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 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
“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”	中山市聖地愛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, 31 May 2011

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