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NVC 雷士照明
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)

**RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS
AND ENTERING INTO OF NEW CONTINUING CONNECTED
TRANSACTIONS**

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Prospectus and the 2010 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 Mr. Wu Changjiang's associates contemplated under the Framework Trademark Licensing Agreement and the transactions between the Group and Mr. Wu Jiannong's associates contemplated under the Framework Raw Material Purchase Agreement and the Framework Equipment Purchase Agreement.

As the annual caps for the transactions under the above agreements will expire on 31 December 2012 and the Company intends to continue carrying out such transactions in the ordinary and usual course of business with the relevant parties, the Company therefore entered into the Renewed Framework Trademark Licensing Agreement, Renewed Framework Raw Material Purchase Agreement and Renewed Framework Equipment Purchase Agreement with the relevant parties on 19 December 2012.

ENTERING INTO OF NEW CONTINUING CONNECTED TRANSACTIONS

The Company also entered into a Framework Contract Manufacturing Agreement with Shandong NVC (associate of Mr. Wu Changjiang) on 19 December 2012, pursuant to which Shandong NVC will produce and supply certain residential luminaire products to the Group based on Group's design and technical standards and labels with Group's brands.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wu Changjiang is a substantial shareholder of the Company and Mr. Wu Jiannong is a director and a substantial shareholder of Zhejiang NVC, a subsidiary of the Company, thus Mr. Wu Changjiang and Mr. Wu Jiannong and their respective associates are connected persons of the Company. Accordingly the transactions contemplated under the Renewed Framework Trademark Licensing Agreement, Renewed Framework Raw Material Purchase Agreement, Renewed Framework Equipment Purchase Agreement and Framework Contract Manufacturing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable Percentage Ratios calculated based on the annual caps for each of the above agreements is more than 0.1% but less than 5%, the transactions contemplated under those agreements 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 Prospectus and the 2010 Announcement in relation to certain continuing connected transactions between the Group and (A) Mr. Wu Changjiang's associates; and (B) Mr. Wu Jiannong's associates which are governed by the following agreements:

- (1) Framework Trademark Licensing Agreement;
- (2) Framework Raw Material Purchase Agreement; and
- (3) Framework Equipment Purchase Agreement.

All the above agreements were entered into between the Company and the relevant parties on 20 April 2010 with a term of three years commencing from 20 May 2010. As the annual caps for the above agreements will expire on 31 December 2012 and the Company intends to continue carrying out such transactions in the ordinary and usual course of business with the relevant parties, the Company therefore entered into the Renewed Framework Trademark Licensing Agreement, Renewed Framework Raw Material Purchase Agreement and Renewed Framework Equipment Purchase Agreement with the relevant parties on 19 December 2012.

The Company also entered into the Framework Contract Manufacturing Agreement with Shandong NVC on 19 December 2012, pursuant to which Shandong NVC will produce and supply certain residential luminaire products to the Group based on Group's design and technical standards and labels with Group's brands.

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

(1) Renewed Framework Trademark Licensing Agreement

Pursuant to the Renewed Framework Trademark Licensing Agreement, the Company granted each of Sheng Di Ai Si, Chongqing Enlin and Shandong NVC, which are associates of Mr. Wu Changjiang, a non-exclusive and non-transferrable right to use certain of the Company's registered trademarks, including "NVC", "雷士", "NVC雷士" and "光環境專家" in the PRC. The trademark licensing fees are 3% of each licensee's sales (including value added tax) of products using licensed trademarks. The trademark licensing fees were agreed following arm's length negotiations and on normal commercial terms. Under the Renewed Framework Trademark Licensing Agreement, the Company also has the right to inspect and appoint external auditors to audit the financial records of the licensees. The term of the Renewed Framework Trademark Licensing Agreement is three years commencing from 1 January 2013 or until the expiration date of the licensed trademarks, whichever period is shorter.

Historical Amounts

The existing annual caps for the trademark license fees receivable by the Group under the Framework Trademark Licensing Agreement for the years ending 31 December 2010, 2011 and 2012 are US\$3.27 million, US\$4.57 million and US\$6.40 million, respectively. The actual amount of the trademark license fees received by the Group under the Framework Trademark Licensing Agreement for the years ending 31 December 2010 and 2011 and the six months ending 30 June 2012 were US\$3.18 million, US\$3.86 million and US\$1.10 million, respectively.

New Annual Caps

The proposed new annual caps for the Renewed Framework Trademark Licensing Agreement in respect of the three years ending 31 December 2013, 2014 and 2015 are US\$4.00 million, US\$4.35 million and US\$4.83 million, respectively. In determining the new annual caps, the Board took into account the historical transaction amounts and the expected increase of Sheng Di Ai Si, Chongqing Enlin and Shandong NVC's sales (including value added tax) of products using licensed trademarks as well as the expected market conditions and demand for residential luminaire products that Sheng Di Ai Si, Chongqing Enlin and Shangdong NVC produce.

Reasons for and Benefits of the Renewed Framework Trademark Licensing Agreement

To further promote Group's brand name and broaden the Group's product portfolio, the Company decided to enter into this Renewed Framework Trademark Licensing Agreement for the production of certain residential luminaires and lighting components using Group's registered trademarks. The products of these licensees are complementary to Group's existing product portfolio. As such, the Board (including the independent non-executive Directors) considers that the terms of the Renewed Framework Trademark Licensing Agreement are on normal commercial terms and fair and reasonable, and are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

(2) Renewed Framework Raw Material Purchase Agreement

Pursuant to the Renewed Framework Raw Material Purchase Agreement, the Company agreed to purchase raw materials (on a non-exclusive basis) including glass tubes from World Bright, phosphor powder from Quzhou Aushite and tools and accessories from Jiangshan Youhe, all of which are associates of Mr. Wu Jiannong. The quality, quantity and technical standards of the raw materials delivered by these suppliers must meet the Company's standards as set out in the sub-contract for each purchase and the prices charged by these suppliers will be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates. The term of the Renewed Framework Raw Material Purchase Agreement is three years commencing from 1 January 2013.

Historical Amounts

The existing annual caps for the amount payable by the Group under the Framework Raw Material Purchase Agreement for the years ending 31 December 2010, 2011 and 2012 are US\$14.12 million, US\$15.54 million and US\$17.09 million, respectively. The actual amount paid by the Group under the Framework Raw Material Purchase Agreement for the years ending 31 December 2010 and 2011 and the six months ending 30 June 2012 were US\$10.48 million, US\$12.33 million and US\$6.93 million, respectively.

New Annual Caps

The proposed new annual caps for the Renewed Framework Raw Material Purchase Agreement in respect of the three years ending 31 December 2013, 2014 and 2015 are US\$19.79 million, US\$21.77 million and US\$23.94 million, respectively. In determining the new annual caps, the Board took into account the historical transaction amounts and the factor that a new party, Jiangshan Youhe will be introduced as a supplier under the Renewed Framework Raw Material Purchase Agreement. The Board also expects an increase of demand of the relevant raw materials by the Group under the Renewed Framework Raw Material Purchase Agreement by 10% for each of the years ending 31 December 2013, 2014 and 2015.

Reasons for and Benefits of the Renewed Framework Raw Material Purchase Agreement

The Company entered into this Renewed Framework Raw Material Purchase Agreement given the Group has a continuous demand for such raw materials in the next three years and the fees charged by World Bright, Quzhou Aushite and Jiangshan Youhe are competitive. As such, the Board (including the independent non-executive Directors) considers that the terms of the Renewed Framework Raw Material Purchase Agreement are on normal commercial terms and fair and reasonable, and are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

(3) Renewed Framework Equipment Purchase Agreement

Pursuant to the Renewed Framework Equipment Purchase Agreement, the Company agreed to purchase manufacturing equipment and software from Jiangshan Youhe, which is associate of Mr. Wu Jiannong. Under the Renewed Framework Equipment Purchase Agreement, the prices charged by Jiangshan Youhe will be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates. The term of the Renewed Framework Equipment Purchase Agreement is three years commencing from 1 January 2013.

Historical Amounts

The existing annual caps for the amount payable by the Group under the Framework Equipment Purchase Agreement for the years ending 31 December 2010, 2011 and 2012 are US\$5.96 million, US\$3.76 million and US\$3.76 million, respectively. The actual amount paid by the Group under the Framework Equipment Purchase Agreement for the years ending on 31 December 2010 and 2011 and the six months ending on 30 June 2012 were US\$1.714 million, US\$3.276 million and US\$0.3 million, respectively.

New Annual Caps

The proposed new annual caps for the Renewed Framework Equipment Purchase Agreement in respect of the three years ending 31 December 2013, 2014 and 2015 are US\$1.36 million, US\$0.90 million and US\$0.90 million, respectively. In determining the new annual caps, the Board took into account the historical transaction amounts and the future demand of the relevant equipment by the Group.

Reasons for and Benefits of the renewed Framework Equipment Purchase Agreement

This Renewed Framework Equipment Purchase Agreement was entered into since the Group has a demand for such equipment and the fees charged by Jiangshan Youhe are competitive. As such, the Board (including the independent non-executive Directors) considers that the terms of the Renewed Framework Equipment Purchase Agreement are on normal commercial terms and fair and reasonable, and are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

NEW CONTINUING CONNECTED TRANSACTIONS

The Company entered into a Framework Contract Manufacturing Agreement with Shandong NVC, which is associate of Mr. Wu Changjiang, pursuant to which, Shandong NVC, as a contract manufacturer, produces and supplies to the Group residential luminaires based on the Group's design and technical standards and labels those residential luminaries with the Group's brands. Under the Framework Contract Manufacturing Agreement, the prices charged by Shandong NVC will be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates. The term of this Framework Contract Manufacturing Agreement is three years commencing from 1 January 2013. According to this agreement, Shandong NVC is not permitted to cooperate with other contract manufacturing clients whose products are identical or similar to those of the Company during the term of this agreement.

Annual Caps

The proposed annual caps for the amount payable by the Group under the Framework Contract Manufacturing Agreement for years ending 31 December 2013, 2014 and 2015 are US\$1.0 million, US\$1.1 million and US\$1.2 million, respectively. In determining the above annual caps, the Board took into account the Group's future expansion and expected market conditions and demand for lighting products, the expected increase in prices for receipt of similar services from third party contract manufacturers and in particular the increase of purchase prices as a results of higher labour costs.

Reasons for and Benefits of the Framework Contract Manufacturing Agreement

This Framework Contract Manufacturing Agreement was entered into since the Company wishes to outsource the manufacturing process of residential luminaires, including ceiling mounted lights for kitchen and bathroom etc., to enhance the efficiency of its operation and the fees charged by Shandong NVC are competitive. As such, the Board (including the independent non-executive Directors) considers that the terms of the Framework Contract Manufacturing Agreement are on normal commercial terms and fair and reasonable, and are entered into in the ordinary and usual course of 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 Changjiang's mother in law. Mr. Wu Changjiang is a substantial shareholder of the Company. Accordingly, Sheng Di Ai Si is an associate of Mr. Wu Changjiang 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. Accordingly, Shandong NVC is an associate of Mr. Wu Changjiang 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.

Quzhou Aushite is a company incorporated in the PRC and is owned as to 39% by Mr. Wu Jiannong and 51% by Zhejiang Tonking which is in turn 86% owned by Mr. Wu Jiannong. Mr. Wu Jiannong is a director and a substantial shareholder of Zhejiang NVC, a subsidiary of the Company. Accordingly, Quzhou Aushite is an associate of Mr. Wu Jiannong under the Listing Rules and a connected person of the Company. Quzhou Aushite is principally engaged in production and sale of phosphor powder.

World Bright is a company incorporated in the PRC and is owned as to 70% by Quzhou Aushite. Accordingly, World Bright is an associate of Mr. Wu Jiannong under the Listing Rules and a connected person of the Company. World Bright is principally engaged in production and sale of glass tubes.

Jiangshan Youhe is a company incorporated in the PRC and is owned as to 80% by Quzhou Aushite. Accordingly, Jiangshan Youhe is an associate of Mr. Wu Jiannong under the Listing Rules and a connected person of the Company. Jiangshan Youhe is principally engaged in the research, development and manufacturing of equipment.

Chongqing Enlin is a company incorporated in the PRC and is owned as to 99% by Huizhou Enlin Electronics Co., Ltd.* (惠州恩林電器有限公司) in which Ms. Chen Min, Mr. Wu Changjiang's mother in law, holds a 36.2% equity interest. Accordingly, Chongqing Enlin is an associate of Mr. Wu Changjiang 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

As at the date of this announcement, Mr. Wu Changjiang is a substantial shareholder of the Company and Mr. Wu Jiannong is a director and a substantial shareholder of Zhejiang NVC, a subsidiary of the Company, thus Mr. Wu Changjiang and Mr. Wu Jiannong and their respective associates are connected persons of the Company under Chapter 14A of the Listing Rules.

As Sheng Di Ai Si, Shandong NVC, Quzhou Aushite, World Bright, Jiangshan Youhe and Chongqing Enlin are associates of Mr. Wu Changjiang and Mr. Wu Jiannong respectively and thus connected persons of the Company, the transactions under the Renewed Framework Trademark Licensing Agreement, Renewed Framework Raw Material Purchase Agreement, Renewed Framework Equipment Purchase Agreement and Framework Contract Manufacturing Agreement constitute continuing connected transactions of the Company under Rule 14A.13(1)(a) and Rule 14A.14 of the Listing Rules. As each of the applicable Percentage Ratios calculated based on the annual caps for each of the above agreements is more than 0.1% but less than 5%, the transactions contemplated under those agreements 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.

None of the Directors has material interest in the transactions under the Renewed Framework Trademark Licensing Agreement, Renewed Framework Raw Material Purchase Agreement, Renewed Framework Equipment Purchase Agreement and Framework Contract Manufacturing Agreement or is required to abstain from voting on the Board resolution.

DEFINITIONS

“2010 Announcement”	the announcement of the Company dated 24 December 2010, in respect of, among other things, the revision of the annual caps in relation to the Framework Trademark Licensing Agreement for the years ending 31 December 2010, 2011 and 2012.
“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.
“Chongqing Enlin”	Chongqing Enlin Electronics Co., Ltd.* (重慶恩林電器有限公司), a limited liability company incorporated in the PRC and an associate of Mr. Wu Changjiang 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.
“Framework Contract Manufacturing Agreement”	the framework contract manufacturing agreement that entered into between the Company and Shandong NVC on 19 December 2012, as amended or supplemented from time to time.
“Framework Equipment Purchase Agreement”	the framework equipment purchase agreement entered into between the Company and Hangzhou Tongren and Jiangshan Youhe on 20 April 2010, as amended or supplemented from time to time.

“Framework Raw Material Purchase Agreement”	the framework raw material purchase agreement entered into between the Company and World Bright and Quzhou Aushite on 20 April 2010, as amended or supplemented from time to time.
“Framework Trademark Licensing Agreement”	the framework trademark licensing agreement entered into between the Company and Sheng Di Ai Si, Chongqing Enlin and Shandong NVC on 20 April 2010, as amended or supplemented from time to time.
“Group”	means the Company and its subsidiaries.
“Hangzhou Tongren”	Hangzhou Tongren Software Co., Ltd.* (杭州同人軟件有限公司), a limited liability company incorporated in the PRC and an associate of Mr. Wu Jiannong and thus a connected person of the Company.
“Jiangshan Youhe”	Jiangshan Youhe Machinery Co., Ltd.* (江山市友和機械有限公司), a limited liability company incorporated in the PRC and an associate of Mr. Wu Jiannong and thus a connected person of the Company.
“Listing Date”	refers to 20 May 2010.
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Mr. Wu Changjiang”	a substantial shareholder of the Company and also the head of temporary operations committee of the Company.
“Mr. Wu Jiannong”	a director and a substantial shareholder of Zhejiang NVC, a subsidiary 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.
“Quzhou Aushite”	Quzhou Aushite Illumination Co., Ltd.* (衢州奧仕特照明有限公司), a limited liability company incorporated in the PRC and an associate of Mr. Wu Jiannong and thus a connected person of the Company.
“Renewed Framework Equipment Purchase Agreement”	the framework equipment purchase agreement entered into between the Company and Jiangshan Youhe on 19 December 2012, as amended or supplemented from time to time.
“Renewed Framework Raw Material Purchase Agreement”	the framework raw material purchase agreement entered into between the Company and World Bright, Quzhou Aushite and Jianshan Youhe on 19 December 2012, as amended or supplemented from time to time.

“Renewed Framework Trademark Licensing Agreement”	the framework trademark licensing agreement entered into between the Company, Sheng Di Ai Si, Chongqing Enlin and Shandong NVC on 19 December 2012, as amended or supplemented from time to time.
“Shandong NVC”	Shandong NVC Lighting Development Co., Ltd.* (山東雷士照明發展有限公司), a limited liability company incorporated in the PRC and an associate of Mr. Wu Changjiang and thus a connected person of the Company.
“Sheng Di Ai Si”	Zhongshan Sheng Di Ai Si Lighting Co., Ltd.* (中山市聖地愛司照明有限責任公司), a limited liability company incorporated in the PRC and an associate of Mr. Wu Changjiang 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
“we”, “us” or “our”	the Company or our Group (as the context may require).
“World Bright”	Jiangshan World Bright Crystal Co., Ltd.* (江山世明水晶玻璃有限公司), a limited liability company incorporated in the PRC and an associate of Mr. Wu Jiannong and thus a connected person of the Company.
“Zhejiang NVC”	Zhejiang NVC Lamps Co., Ltd.* (浙江雷士燈具有限公司), a limited liability company incorporated in the PRC on 28 September 2007, 51% equity interest of which is held by the Group and the remaining 49% equity interest of which is held by Zhejiang Tonking.
“Zhejiang Tonking”	Zhejiang Tonking Technology Co., Ltd.* (浙江同景科技有限公司), formerly known as Zhejiang Tonking Investment Co., Ltd. (浙江同景投資有限公司), a limited liability company incorporated in the PRC and is owned by Mr. Wu Jiannong (as to 86%), Mr. Jiang Jianming (as to 8%), Mr. Qiao Jianping (as to 3%) and Mr. Xu Shuisheng (as to 3%).

* *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
Yan Andrew Y
Chairman

Hong Kong, 19 December 2012

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

Executive Director:

MU Yu

Non-executive Directors:

YAN Andrew Y

LIN Ho-Ping

ZHU Hai

Independent Non-executive Directors:

WANG Jinsui

YUNG Tse Kwong, Steven

LEE Kong Wai, Conway