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## **NVC Lighting Holding Limited**

*(Incorporated in the Cayman Islands with limited liability)*

*(Stock code: 2222)*

### **EXISTING CONTINUING CONNECTED TRANSACTIONS WITH MR. WU JIANNONG'S ASSOCIATES**

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. Wujiannong's associates in relation to the framework property lease agreement and the framework transportation service agreement.

The Company announces that the aggregate fees charged / paid by the Group in the year ended 31 December 2010 have exceeded the caps as disclosed in the Prospectus. The Company expects that the original annual caps for the years ending 31 December 2011 and 2012 will not be sufficient for the expected fees to be charged / paid by the Group. The Board therefore proposes to revise the annual caps in relation to the framework property lease agreement and the framework transportation service agreement for the years ending 31 December 2011 and 2012.

Given that the applicable Percentage Ratios are less than 5%, the transactions under the framework property lease agreement and the framework transportation service 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.

### **ORIGINAL ANNUAL CAPS, ACTUAL TRANSACTION AMOUNTS 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. Wujiannong's associates in relation to the framework property lease agreement and the framework transportation service agreement.

#### **A. The Framework Property Lease Agreement**

On 20 April 2010, the Company entered into a framework property lease agreement with Zhejiang NVC and Jiangshan Youhe, which are associates of Mr. Wu Jiannong, pursuant to which Sunny has leased certain properties to Zhejiang NVC and Jiangshan Youhe. Under the framework property lease agreement, the rent we charge shall be agreed following arm's length negotiations between the relevant parties (without taking into account whether the counterparties are connected persons or independent third parties) with reference to the prevailing market rates. The term of the framework property lease agreement is 20 years commencing on 20 May 2010.

### ***Original Annual Caps***

As disclosed in the Prospectus, the original annual caps for the year ended 31 December 2010 and the years ending 31 December 2011 and 2012 were expected to be no more than US\$0.23 million, US\$0.88 million and US\$0.88 million, respectively.

### ***Actual Transaction Amounts***

The historical figures of the rent paid to the Group by Zhejiang NVC and Jiangshan Youhe for the years ended 31 December 2007, 2008 and 2009 were US\$47,832, US\$143,159 and US\$224,023, respectively.

The aggregate rent received from Zhejiang NVC and Jiangshan Youhe under the framework property lease agreement in 2010 was US\$0.25 million(unaudited), which has exceeded the cap of US\$0.23 million as disclosed in the Prospectus.

### ***Reasons for the Exceedance of the Original Annual Cap for Year 2010***

The original annual cap for year 2010 was exceeded as Zhejiang NVC and Jiangshan Youhe rented larger area.

### ***Revised Annual Caps and Reasons for the Revised Annual Cap***

In anticipation of the increasing rental area and the increasing market rates, the Board proposes to revise the original annual caps in relation to the framework property lease agreement for the years ending 31 December 2011 and 2012.

The original annual caps and the revised annual caps under the framework property lease 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)
Original annual caps	0.88	0.88

In determining the revised annual caps, the Board took into account the rent paid by Zhejiang NVC and Jiangshan Youhe, the expected increase of rental area and the expected increase in prevailing market rates.

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.

## **B. The Framework Transportation Service Agreement**

On 20 April 2010, the Company entered into a framework transportation service agreement with Jiangshan Liming, which is an associate of Mr. Wu Jiannong, pursuant to which Jiangshan Liming is responsible for the transportation of goods such as products and recycling packages for two of the Company's wholly-owned subsidiaries. Under the framework transportation service agreement, the prices charged by Jiangshan Liming shall be agreed following arm's length negotiations between the relevant parties (without taking into account whether the counterparties are connected persons or independent third parties) and shall be reviewed by the non-interested Directors. The term of the framework transportation service agreement is three years commencing on 20 May 2010.

### ***Original Annual Caps***

As disclosed in the Prospectus, the original annual caps for the year ended 31 December 2010 and the years ending 31 December 2011 and 2012 were expected to be no more than US\$1.04 million, US\$1.15 million and US\$1.26 million, respectively.

### ***Actual Transaction Amounts***

The historical figures of the fees paid by the Group to Jiangshan Liming for the years ended 31 December 2007, 2008 and 2009 were US\$0.42 million, US\$0.55 million and US\$0.75 million, respectively.

The aggregate fees paid to Jiangshan Liming under the framework transportation service agreement in 2010 were US\$1.27 million (unaudited), which have exceeded the cap of US\$1.04 million as disclosed in the Prospectus.

***Reasons for the Exceedance of the Or*** ***arketin.***

annual caps in relation to the framework transportation service agreement.

The original annual caps and the revised annual caps under the framework transportation service 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)
Original annual caps	1.15	1.26
Revised annual caps	2.05	2.90

In determining the revised annual caps, the Board took into account transportation service fees paid to Jiangshan Liming and the expected increase in our sales volume .

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.

#### ***Reasons for and Benefits of the Framework Property Lease Agreement and the Framework Transportation Service Agreement***

The framework property lease agreement was entered into since (i) the Group does not need the leased properties for its own production activities and wished to utilize such properties by way of lease and (ii) our Directors are of the view that the rents offered by Zhejiang NVC and Jiangshan Youhe are competitive. The framework transportation service agreement was entered into since (i) the Group has a demand for such transportation services and (ii) our Directors are of the view that the fees charged by Jiangshan Liming are competitive.

#### **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.

Zhejiang NVC is a limited liability company incorporated in the PRC and is owned as to 51% by the Company and as to 49% by 浙江同景投资有限公司 (Zhejiang Tonking Investment Co., Ltd.\*), 86% equity interest of which is in turn owned by Mr. Wu Jiannong. Zhejiang NVC is principally engaged in the design, development, production, marketing and sale of lighting products.

Jiangshan Youhe is owned as to 80% by 衢州奥仕特照明有限公司 (Quzhou Aushite illumination Co., Ltd\*), 39% equity interest of which is owned by Mr. Wu Jiannong and 51%

equity interest of which is owned by 浙江同景投資有限公司 (Zhejiang Tonking Investment Co., Ltd.\*). Jiangshan Youhe is principally engaged in the research, development and manufacturing of equipment.

Jiangshan Liming is a limited liability company incorporated in the PRC and is owned as to 50% by 浙江同景投資有限公司 (Zhejiang Tonking Investment Co., Ltd.\*). Jiangshan Liming is principally engaged in providing transportation services.

## **LISTING RULES IMPLICATIONS**

Pursuant to the Listing Rules, the Company is required to re-comply with the reporting, announcement and independent shareholders' approval requirements as applicable. Given that the applicable Percentage Ratios are less than 5%, the transactions under the framework property lease agreement and framework transportation service 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.

To the Directors' knowledge, information and belief having made all reasonable enquiry, the Directors are not aware of any other annual caps for the year ended 31 December 2010 being exceeded.

## **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 and 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
“Group”	the Company and its subsidiaries
“Jiangshan Liming”	江山市黎明貨運有限公司 (Jiangshan Liming Transportaion Co., Ltd.*), 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”	江山市友和機械有限公司(Jiangshan Youhe Machinery Co., Ltd.*), a limited liability company incorporated in the PRC and an associate of Mr. Wu Jiannong and thus a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Wu Jiannong”	an executive Director and a substantial shareholder of the Company
“Percentage Ratios”	shall have the meaning ascribed thereto 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
“Substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Sunny”	浙江江山三友電子有限公司 (Zhejiang Jiangshan Sunny Electron Co., Ltd.*), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
“US\$”	United States dollars, the lawful currency of the United States
“Zhejiang NVC”	浙江雷士燈具有限公司 (Zhejiang NVC Lamps Co., Ltd.*), a limited liability company incorporated in the PRC, a subsidiary of the Company and an associate of Mr. Wu Jiannong and thus a connected person of the Company
%	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, 10 March 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