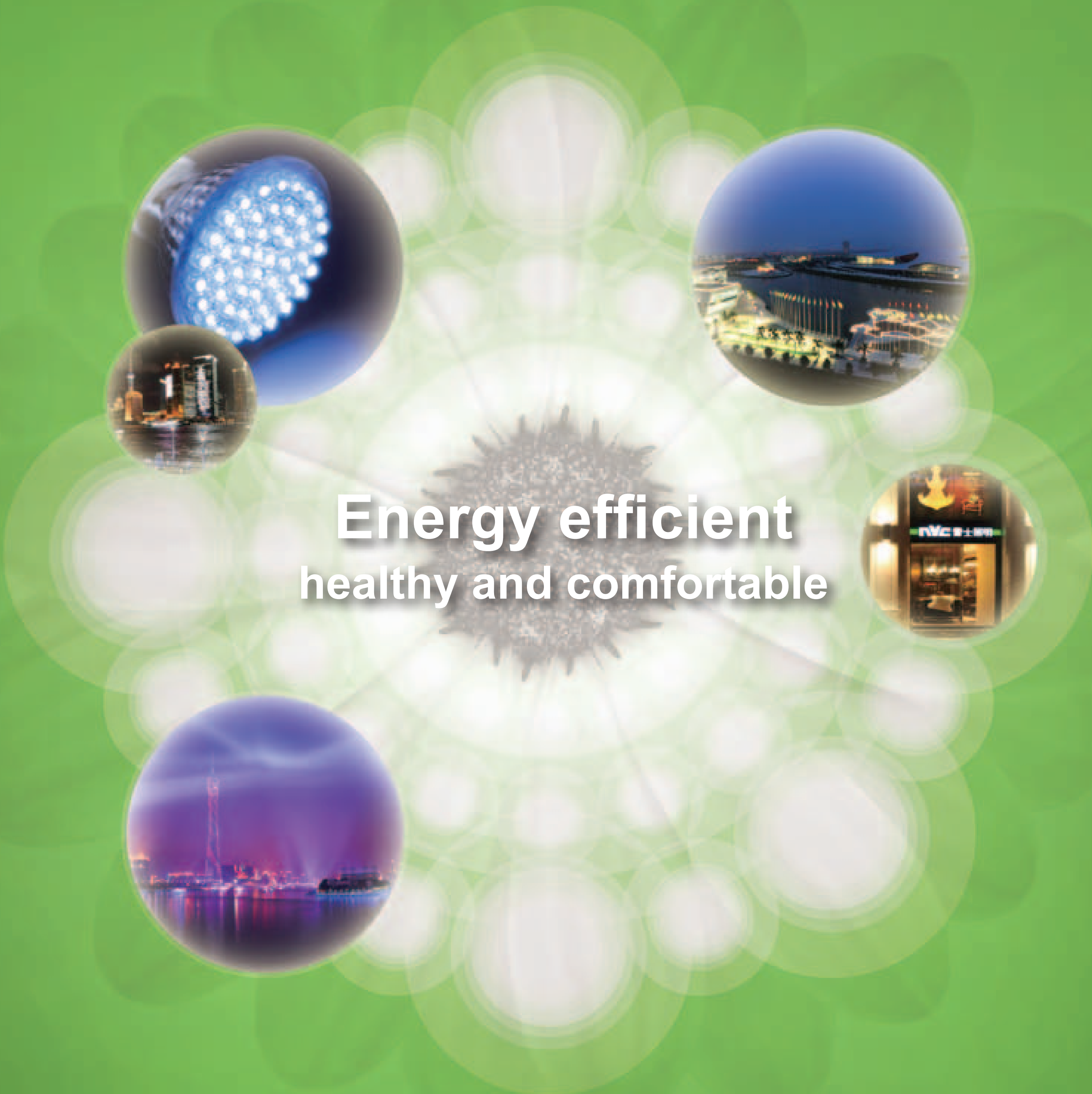

雷士照明
雷士照明控股有限公司
NVC LIGHTING HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2222

INTERIM REPORT 2012

Contents

Corporate Information

Executive Director	MU Yu
Non-executive Directors	YAN Andrew Y LIN Ho-Ping ZHU Hai
Independent Non-executive Director	WANG Jinsui
Joint Company Secretaries	LO Yee Har, Susan KAM Mei Ha, Wendy
Authorized Representatives	LO Yee Har, Susan LIN Ho-Ping
Registered Office	Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands
Headquarters	NVC Industrial Park Ruhu Town, Huizhou City Guangdong Province PRC
Principal Place of Business in Hong Kong	Level 28, Three Pacific Place, 1 Queen's Road East Hong Kong
Corporate Website	www.nvc-lighting.com.cn
Investor Relations	E-mail: ir@nvc-lighting.com

Corporate Information

Principal Share Registrar and Transfer Office	Butterfield Fulcrum Group (Cayman) Limited Butterfield House, 68 Fort Street P.O. Box 609, Grand Cayman, KY1-1107 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Legal Advisors as to Hong Kong Laws	Freshfields Bruckhaus Deringer
Auditors	Ernst & Young *(Certified Public Accountants)*
Principal Bankers	China Construction Bank, Huizhou Branch China Construction Bank, Quzhou Branch Bank of China, Quzhou Branch
Investor and Media Relations Consultant	PR ASIA Consultants Limited

Financial Highlights

	Six months ended 30 June 2012 US$'000 (Unaudited)	Six months ended 30 June 2011 US$'000 (Unaudited)
Revenue	**255,930**	266,992
Gross profit	**57,570**	70,311
Profit before tax	**11,760**	47,242
Profit for the period *(Note 1)*	**9,295**	40,654
Profit for the period attributable to		
Owners of the parent	**6,468**	39,575
Non-controlling interests	**2,827**	1,079
Earnings per share attributable to ordinary equity holders of the parent		
Basic	**0.20 US cent**	1.28 US cents
Diluted	**0.20 US cent**	1.25 US cents

Note 1: Profit for the period was before net off profit for the period attributable to non-controlling interests.

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Non-current assets	**251,388**	242,564
Current assets	**496,655**	486,769
Current liabilities	**132,627**	106,449
Net current assets	**364,028**	380,320
Total assets less current liabilities	**615,416**	622,884
Non-current liabilities	**35,935**	35,218
Total equity	**579,481**	587,666
Attributable to:		
Owners of the parent	**571,776**	579,225
Non-controlling interests	**7,705**	8,441

Management Discussion and Analysis

Market Review

In the first half of 2012, the global economy was weak due to the simmering European sovereign debt crisis, the slowdown in economic growth of emerging countries and developing countries, the significant fluctuations in commodities prices and the increase in the global inflationary pressure. In the World Economy Prospect issued in July 2012, the International Monetary Fund ("IMF") estimated that global economic growth would drop to 3.5% in 2012 and 3.9% in 2013, down by 0.1 percentage point and 0.2 percentage points, respectively, from the forecast in the World Economy Prospect issued in April 2012.

According to the latest data released by National Bureau of Statistics of China, the China's gross domestic product growth was 7.8% in the first half year, and 7.6% in the second quarter. In an economic situation with insufficient external demand and weak domestic demand, economic growth "fell below 8%" for the first time in the last 12 quarters. In 2012, China maintained its tight controls on real estate and the growth of the real estate industry, which is closely related to the lighting industry, has been affected. Some indicators of the industry declined in the first half of this year. As compared with the Corresponding Period, the floor area of new property projects decreased by 7.1%; the floor area of property projects under construction increased by 17.2%; the floor area of property projects completed increased by 20.7%; the floor area of commercial property sold decreased by 10.0% (of which, the floor area of residential property sold decreased by 11.2%); and the sales amount of property projects decreased by 5.2%.

The latest data from National Bureau of Statistics shows that, from January to May 2012, the electronic lamps production of large enterprises in China's lighting electronic industry increased by only 8.4% as compared with the Corresponding Period, and a total of 990 million sets of luminaire products and lighting devices were produced, increased by only 3.2% as compared with the Corresponding Period.

Business Review

During the Period under Review, the depressed economy in China and abroad, the weak overall demand of lighting markets, combined with the surge in the fluorescent powder price and high costs under high inflation in 2011, resulted in the disappointing performance of some lighting producers. But the Group was committed to strengthening its leading position in the industry by continuing to promote the NVC brand profile, enhancing its production and product research and development capability, continuing to strengthen its close cooperation relationship with domestic exclusive regional distributors and proactively expanding into overseas markets. More than 60% of the Group's products were energy-saving products, and its LED sales grew steadily. Following the promulgation of the route map for elimination of incandescent lamps in the PRC at the end of 2011 and with the great support of the Government for the LED industry, the Group will capture the favourable opportunities in the industry, and will consolidate and continue to enhance its competitive advantage.

Management Discussion and Analysis

Sales and distribution

In terms of NVC brand sales in the PRC market, during the Period under Review, the Group retained 36 exclusive regional distributors and expanded its sales network with a net increase of 61 outlets. As at 30 June 2012, the Group had a total of 3,029 outlets, covering 2,087 cities (31 provincial capital cities with a 100% coverage rate; 278 municipal cities with a 97.89% coverage rate; 1,241 counties or county-level cities with a 62.77% coverage rate; 537 towns and townships with a 1.57% coverage rate). The Group continued to enlarge the shopping area of the NVC outlets, unify and upgrade their exterior appearance and improve their operating quality. During the Period under Review, we focused on consolidating existing Professional Engineering Customers and chain store customers that can bring repeat sales, and further exploited the development potential of 3rd and 4th-tier markets. Due to the shrinking building materials market resulting from macro-control policies during the Period under Review, the sales amount from Professional Engineering Customers was US$17,217,000 while the sales amount from chain store customers that can bring repeat sales was US$22,352,000, representing a total decrease of approximately 19% in both sales as compared with the Corresponding Period last year. After winning the bid for two consecutive years in the State-subsidised high efficiency lighting products projects, the Group won the bid again to supply about 3 million units of energy-saving lighting products.

In terms of the non-NVC brand sales in the PRC market, the Group mainly provides energy-saving lamp tubes and accessories to energy-saving lamp manufacturers. During the Period under Review, the Group saw a slight decrease in sales due to declining sales prices resulting from the decline in fluorescent powder price and the relocation of our subsidiaries in Zhejiang.

In terms of NVC brand sales in the international market, the Group adopted a development strategy which mainly focused on promoting the sales of NVC brand products supplemented by providing services for famous brand enterprises on an ODM/OEM basis. During the Period under Review, UK NVC held an opening ceremony for its newly expanded facilities, and its various products sold were used in the auxiliary facilities of the 2012 Olympics. The Group also continued to strengthen the development of its sales channels in emerging markets such as Qatar, Saudi Arabia, Brazil and New Zealand by transferring its executives to develop the markets on its own. During the Period under Review, the Group opened seven new outlets. In addition, the Group continued to diversify its product mix to meet the needs of an expanded customer base, resulting in the improvement of the sales in the international market during the Period under Review.

In terms of the non-NVC brand sales in the international market, the Group mainly sold its products in a form of ODM. During the Period under Review, the Group continued to consolidate the long-term cooperation relationship with its customers, and the revenue from this market increased as a result of steady growth in demand from major customers.

Production capability

The Group currently has five production bases, including Huizhou City in Guangdong Province, Wanzhou District in Chongqing, Jiangshan City in Zhejiang Province (2 facilities) and Qingpu District in Shanghai. During the Period under Review, the Group newly invested in nine production lines for energy-saving lights, three production lines for energy-saving lamp tubes and one production line for electronic products. The breakdown of the production capacity of each production base is as follows:

	Luminaire production facilities		Lamp production facilities		Lighting electronic production facilities
Location	Huizhou City Guangdong Province	Wanzhou District Chongqing	Jiangshan City Zhejiang Province[1]	Jiangshan City Zhejiang Province[2]	Qingpu District Shanghai
Date of commencement of production	November 1998	December 2006	September 1994	September 2007	March 2006
Design capacity (units) as at 30 June 2012	40,000,000	40,000,000	136,295,750	62,400,000	5,940,000
Actual production (units) as at 30 June 2012	25,836,504	18,975,176	92,879,569	61,103,668	5,340,279
Average utilisation rate as at 30 June 2012	64.6%	47.4%	68.1%	97.9%	89.9%
Standardised hours of operation	8 hours	8 hours	12 hours	8 hours	8 hours

Notes:

(1) Mainly for production of light tubes for energy-saving lamps;

(2) Mainly for production of energy-saving lamps.

Management Discussion and Analysis

Product research and development

The Group has two research and development centres, one in Huizhou City, Guangdong Province (mainly focusing on the research and development of new product design of luminaire products) and the other in Shanghai (mainly focusing on the research and development of energy-saving technology for lamps and the research and development of lighting electronic products).

During the Period under Review, the Group invested a total of US$7,353,000 in research and development projects, representing 2.9% of the Group's total revenue. During the Period under Review, the Group continued to enhance research and development capability and set up a high-level research and development team. The Group successfully developed various LED and lighting electronic products on its own. During the Period under Review, the Group filed 28 new patent applications and obtained 42 newly-approved patents.

As at 30 June 2012, the Group had a workforce in design and research and development of 390, of which 102 were based in our Huizhou research and development centre, 34 were based in our Shanghai research and development centre and the others were based in the other production bases.

Brand promotion

The Group has been striving to build NVC lighting into a respectable lighting brand in the world, therefore the Group always lays great emphasis on brand establishment and focuses on differentiation of brand promotion. During the Period under Review, the Group promoted the brand through a combination of various brand strategies including advertising, media coverage, public relations activities, community public services, market promotion and participation in famous competitions or large-scale projects at home and abroad. As a result, the popularity and influence of the NVC lighting brand were solidified and enhanced in the minds of both ordinary and professional consumers. The Group took a further step towards a breakthrough in brand development. For instance, in March, the Group signed a contract to become "Official Partner of the Olympic Committee of Hong Kong, Macau and Chinese Taipei" to launch the marketing strategy of the London Olympic Games; in May, NVC became the exclusive supplier to provide lighting products and services for "2014 Asian Beach Games in Thailand"; in July, we organised "Bright Future Summer Volunteer Education Assistance in Shangluo, Shaanxi", by which, we put corporate social responsibility into practice and established our sound public image. Meanwhile, the NVC lighting brand also received widespread recognition, such as being the top preferred lighting brand selected by the top 500 real estate developers in China for three consecutive years and receiving "Popular Household Brand Award" in the 2nd China's real estate household reputation assessment organised by People's Daily Online and others.

Management Discussion and Analysis

Prospects

The popular demand for sustainable development and the growth bottlenecks facing traditional industries have meant that energy-saving and emission reduction as well as green and low-carbon environment have become hot topics across the globe. In the lighting industry, both the Chinese government and foreign governments have been committed to promoting energy conservation and environmental protection, and proactively advocating the construction of a resource-conserving society. The manufacture and sales of incandescent lamps have been completely prohibited in Australia in 2010 and in Canada, Japan, European Union and Taiwan regions since this year. The United States of America and South Korea will prohibit the use of incandescent lamps by 2014 and the PRC Government has also planned to gradually stop the manufacturing and use of incandescent lamps. It undoubtedly provides an enormous market opportunity for energy-saving products in the lighting industry. The energy-saving lights and LED luminaires are beginning to develop at a robust pace and embrace their “Golden Times”.

With the background of the decline in incandescent lamps, the bright future of energy-saving lights and the great potential of LED products, the Group is able to develop its future focus after considering the current situation. Firstly, the Group will strengthen the research and development of LED, continue to enhance production capacity and to improve both in quality and quantity. Secondly, the Group will continue to expand the domestic and international sales networks. Thirdly, the Group will continue to develop sports-related marketing business and increase the number of engineering projects by leveraging on the Olympic Games.

Strengthening the research, development and production to capture the environmental protection lighting market share

According to the national “12th Five-Year Plan” for science and technology, the development goal for LED is stated as: semiconductor lighting will secure more than a 30% share in the Mainland general lighting market in 2015, with the output value projected at RMB500 billion, promoting China’s semiconductor lighting industry to the top three in the world. The Group has been granted more than 280 patents, and various patents are in the application process, including various LED luminaire products. Leveraging on its strong research and development capacity, excellent research and development team and the advantage of abundant capital, the Group will emphasize on the research and development of LED, and aim to make new breakthroughs in LED sealing technology, indoor and outdoor lighting products as well as industrial lighting products, thereby capturing industry opportunities and securing larger market share.

Continuously expanding sales network and making parallel progress in overseas markets

In terms of the Chinese market, the Group has, on the basis of the 36 exclusive regional distributors, gradually expanded outlets, the number of which reaches 3,029. In the future, we will focus on exploiting the potential of those unsaturated markets in second and third-tier cities as well as the rural market to develop a sales network with deeper and wider coverage. In terms of the overseas market, we plan to increase new outlets in markets such as Brazil, Saudi Arabia, United Arab Emirates, Indonesia, Vietnam and Turkey, vigorously develop well-known distributors in Pakistan and Sri Lanka and penetrate in India, Indonesia and Vietnam markets. Meanwhile, the Group is in the process of discussion and preparation of a feasibility plan on establishing branches in India.

Management Discussion and Analysis

Continuously expanding the sports-related marketing business by leveraging on the Olympic Games

With the commencement of the London Olympics, the NVC products have been widely used in the London Olympic sports venues and the Olympic Villages. Leveraging on the great event of Olympics, NVC appeared on the biggest international stage and further enhanced the brand's overseas influence. Meanwhile, NVC brand has been displayed to the public in various perspectives by means of Olympic-related media platforms of Hong Kong, Macau and Taiwan. As the exclusive supplier with exclusive rights to provide lighting and services for various competitions such as "2013 East Asia Games in Tianjin" and "2014 4th Asian Beach Games in Thailand", the Group will continue to actively participate in large-scale international and domestic sports events to gain global recognition for NVC products and the NVC brand.

"Becoming a World Famous Brand and the Best Player in the Industry" has been always the development goal of the Group. The Group is committed to continuously building its professional image as an "Expert in Lighting Environment" (光環境專家) in the future, providing quality lighting products and solution services to the customers, and at the same time, promoting NVC's spirit in public services and performing social responsibilities, and aiming to become a worldwide respectable and trustworthy China's lighting brand flagship.

Recent Developments

As has been announced previously, the operations of the Group have been affected by a number of events, since 30 June 2012. These have included a strike at two plants of the Group, located in Wanzhou, Chongqing and Huizhou, Guangdong as well as at the Chongqing office of the Group (the "Strike"); a temporary suspension of orders with the Group, by 36 of the Group's exclusive regional distributors (the "Order Suspension"); and disruptions arising from the actions of some raw material suppliers. Details of the above events have been set out in the Group's announcements dated 14 August 2012, 21 August 2012, 27 August 2012 and 4 September 2012. As also mentioned in the announcements, the Strike and the Order Suspension are no longer continuing. The Board has also established a temporary operations committee to manage the Company's day-to-day operation. The Board will closely monitor the development of the above events and will provide updates to the shareholders as required, in accordance with the Listing Rules.

Financial Review

Revenue

Revenue represents the invoiced value of the goods sold, net of sales returns and allowances. During the Period under Review, the Group recorded revenue of US$255,930,000, representing a decrease of 4.1% as compared with the Corresponding Period. In particular, revenue of NVC brand products in the PRC market decreased by 17.4% as compared with the Corresponding Period, the decrease in sales was mainly attributable to the slowdown in the domestic economy growth as well as the resignation of Mr. Wu Changjiang, the former chairman and chief executive officer of the Company in May this year. Sales of NVC brand products in the international market, however, remained strong, increased by 34.1% as compared with the Corresponding Period, benefitting from the increasing recognition in the overseas markets and the good sales performance of UK NVC.

Revenue by product segments

The following table sets forth the revenue by product segments (luminaire, lamp and lighting electronics) and the growth rate of each segment.

	Six months ended 30 June		
	2012	2011	
	US$'000	US$'000	Growth rate
Luminaire products	**126,396**	152,015	-16.9%
Lamp products	**109,011**	84,321	29.3%
Lighting electronic products	**20,523**	30,656	-33.1%
Total	**255,930**	266,992	-4.1%

Management Discussion and Analysis

During the Period under Review, the sales of luminaire products decreased by 16.9%, which was mainly attributable to a decrease in government-funded engineering projects in the first half year, and a total sales decrease of approximately 19% from Professional Engineering Customers and chain store customers that can bring repeat sales as compared with the Corresponding Period. The sales of lamp products increased by 29.3%, which was mainly attributable to general improvement of energy-saving awareness under the PRC's energy-saving and emission reduction policies and the increase in demand from major customers. The sales of lighting electronic products decreased by 33.1%, which was mainly attributable to the decrease in demand from certain halogen and HID electronic products.

Revenue by NVC brand sales and non-NVC brand sales

The following table sets forth the revenue from sales of NVC brand products and non-NVC brand products and the growth rate of each item. Our non-NVC brand products primarily consist of ODM products.

	Six months ended 30 June		
	2012	2011	
	US$'000	US$'000	Growth rate
NVC brand			
Luminaire products	**118,436**	144,500	-18.0%
Lamp products	**36,820**	28,341	29.9%
Lighting electronic products	**8,739**	14,492	-39.7%
Subtotal	**163,995**	187,333	-12.5%
Non-NVC brand			
Luminaire products	**7,960**	7,515	5.9%
Lamp products	**72,191**	55,980	29.0%
Lighting electronic products	**11,784**	16,164	-27.1%
Subtotal	**91,935**	79,659	15.4%
Total	**255,930**	266,992	-4.1%

Management Discussion and Analysis

Revenue by geography

The table below sets forth the revenue from PRC and international sales and the growth rate of each item.

	Six months ended 30 June		
	2012	2011	
	US$'000	US$'000	Growth rate
Revenue from PRC sales			
Luminaire products	**98,306**	129,280	-24.0%
Lamp products	**66,551**	59,868	11.2%
Lighting electronic products	**9,415**	15,087	-37.6%
Subtotal	**174,272**	204,235	-14.7%
Revenue from international sales			
Luminaire products	**28,090**	22,735	23.6%
Lamp products	**42,460**	24,453	73.6%
Lighting electronic products	**11,108**	15,569	-28.7%
Subtotal	**81,658**	62,757	30.1%
Total	**255,930**	266,992	-4.1%

During the Period under Review, revenue from PRC sales decreased by 14.7%, of which the sales revenue of NVC brand products decreased by 17.4%, and the sales revenue of non-NVC brand products decreased by 1.6%. Revenue from international sales increased by 30.1%, of which the sales revenue of NVC brand products increased by 34.1%, which was mainly attributable to stable expansion in the overseas markets; and the sales revenue of non-NVC brand products increased by 28.5%, which was due to the increase in demand from our major customers.

Management Discussion and Analysis

Revenue by energy-saving products and non-energy-saving products

The table below sets forth the revenue by energy-saving products and non-energy-saving products and the growth rate of each item.

	Six months ended 30 June		
	2012	2011	
	US$'000	US$'000	Growth rate
Energy-saving products	**167,063**	160,281	4.2%
Non-energy-saving products	**88,867**	106,711	-16.7%
Total	**255,930**	266,992	-4.1%

Cost of sales

Cost of sales mainly consists of the costs of raw materials, outsourced manufacturing costs, direct and indirect labour costs and overhead. Major raw materials of the Group include iron, aluminium and alloys, fluorescent powder, glass tubes and electronics components. Outsourced manufacturing costs primarily include the cost of purchasing semi-finished products and finished products produced by other manufacturers and used in the production of our products. Overhead costs primarily include water, electricity, depreciation and amortisation and others. The table below sets forth the composition of our cost of sales:

	Six months ended 30 June			
	2012		2011	
	US$'000	**as a percentage of revenue (%)**	US$'000	as a percentage of revenue (%)
Raw materials	**132,221**	**51.7%**	140,608	52.7%
Outsourced manufacturing costs	**23,371**	**9.1%**	24,673	9.2%
Labour costs	**25,207**	**9.8%**	20,207	7.6%
Overhead	**17,561**	**6.9%**	11,193	4.2%
Total cost of sales	**198,360**	**77.5%**	196,681	73.7%

During the Period under Review, the Group's cost of sales increased by 0.9%. Cost of sales as a percentage of revenue increased to 77.5% from 73.7%, resulting in a decrease in gross profit margin from 26.3% to 22.5%, which was mainly attributable to the increase of labour cost and the increase of indirect expenses resulting from the lower utilisation rate of production capacity.

Gross profit and gross profit margin

Gross profit is calculated by revenue less cost of sales.

During the Period under Review, gross profit was US$57,570,000 decreased by 18.1% from US$70,311,000 for the six months ended 30 June 2011, primarily reflecting the decrease in sales volume and the increase in costs. The Group's gross profit and gross profit margin by segments are as follows:

(i) The table below shows the gross profit and gross profit margin by product segments (luminaire, lamp and lighting electronics):

	Six months ended 30 June			
	2012		2011	
	US$'000	**(%)**	US$'000	(%)
Luminaire products	**30,284**	**24.0%**	46,011	30.3%
Lamp products	**23,909**	**21.9%**	19,213	22.8%
Lighting electronic products	**3,377**	**16.5%**	5,087	16.6%
Total	**57,570**	**22.5%**	70,311	26.3%

During the Period under Review, gross profit from luminaire products was US$30,284,000, representing a decrease of 34.2% as compared with the Corresponding Period. Gross profit margin for luminaire products decreased by 6.3% to 24.0% as compared with the Corresponding Period. Gross profit from lamp products was US$23,909,000, representing an increase of 24.4% as compared with the Corresponding Period. Gross profit margin for lamp products decreased by 0.9% to 21.9% as compared with the Corresponding Period. Gross profit from light electronic products was US$3,377,000, representing a decrease of 33.6% as compared with the Corresponding Period. Gross profit margin for lighting electronic products decreased by 0.1% to 16.5% as compared with the Corresponding Period, The decrease in gross profit margin was mainly attributable to the high inventory costs at the beginning of the period, the increased unit production cost resulting from the lower utilisation rate of production capacity and the impact of the changes in product structure.

Management Discussion and Analysis

(ii) The table below shows the gross profit and gross profit margin by NVC brand products and non-NVC brand products during the period as indicated:

	Six months ended 30 June			
	2012		2011	
	US$'000	**(%)**	US$'000	(%)
NVC brand	**40,219**	**24.5%**	55,592	29.7%
Non-NVC brand	**17,351**	**18.9%**	14,719	18.5%
Total	**57,570**	**22.5%**	70,311	26.3%

During the Period under Review, gross profit of NVC brand products was US$40,219,000, representing a decrease of 27.7% as compared with the Corresponding Period, while gross profit margin decreased by 5.2% as compared with the Corresponding Period, which was mainly attributable to the impact of the high inventory costs of luminaire products (with lamps inclusive) which accounted for a significant percentage of sales; gross profit of non-NVC brand products was US$17,351,000, representing an increase of 17.9% as compared with the Corresponding Period, while the gross profit margin increased by 0.4% as compared with the Corresponding Period.

(iii) *Gross profit and gross profit margin by domestic sales and international sales*

	Six months ended 30 June			
	2012		2011	
	US$'000	**(%)**	US$'000	(%)
Gross profit from domestic sales:				
Luminaire products	**22,961**	**23.4%**	39,996	30.9%
Lamp products	**14,172**	**21.3%**	14,155	23.6%
Lighting electronic products	**1,867**	**19.8%**	3,180	21.1%
Subtotal	**39,000**	**22.4%**	57,331	28.1%
Gross profit from international sales:				
Luminaire products	**7,323**	**26.1%**	6,015	26.5%
Lamp products	**9,737**	**22.9%**	5,058	20.7%
Lighting electronic products	**1,510**	**13.6%**	1,907	12.2%
Subtotal	**18,570**	**22.7%**	12,980	20.7%
Total	**57,570**	**22.5%**	70,311	26.3%

Management Discussion and Analysis

During the Period under Review, gross profit from PRC sales was US$39,000,000, representing a decrease of 32.0% as compared with the Corresponding Period, of which gross profit of NVC brand products was US$33,855,000, representing a decrease of 33.6% as compared with the Corresponding Period, and gross profit of non-NVC brand products was US$5,145,000, representing a decrease of 18.6% as compared with the Corresponding Period.

During the Period under Review, gross profit from international sales was US$18,570,000, representing an increase of 43.1% as compared with the Corresponding Period, of which gross profit of NVC brand products was US$6,364,000, representing an increase of 38.8% as compared with the Corresponding Period, and gross profit of non-NVC brand products was US$12,206,000, representing an increase of 45.4% as compared with the Corresponding Period.

(iv) The table below sets forth a breakdown of the gross profit and gross profit margin of energy-saving products and non-energy-saving products:

	Six months ended 30 June			
	2012		2011	
	US$'000	**(%)**	US$'000	(%)
Energy-saving products	**37,234**	**22.3%**	43,723	27.3%
Compact fluorescent lamps (CFL)	**15,693**	**22.9%**	8,071	21.0%
Light tubes for CFL	**3,446**	**13.1%**	6,213	19.1%
T4/T5 battens	**11,166**	**30.5%**	22,557	43.2%
Electronic ballasts	**1,553**	**11.5%**	2,201	12.2%
HID lamps	**1,607**	**57.0%**	1,645	48.1%
Fluorescent lamps	**1,431**	**24.5%**	1,294	25.0%
LED products	**2,338**	**17.5%**	1,742	16.5%
Non-energy-saving products	**20,336**	**22.9%**	26,588	24.9%
Total gross profit	**57,570**	**22.5%**	70,311	26.3%

During the Period under Review, the Group's gross profit margin of energy-saving products decreased by 5% to 22.3% as compared with the Corresponding Period, which was mainly attributable to the high inventory costs of light tubes for CFL and T4/T5 battens.

Management Discussion and Analysis

Other income and gains

Other income and gains mainly consist of trademark licence fees, distribution commission, gains from sales of scrap materials and government grants (the breakdown of other income and gains is provided in note 6.2 to the interim condensed consolidated financial statement on page 54 of this report). We received various types of government grants as an incentive for export sales, technology research and development, expansion of production capacity for energy-saving lamp products and acquisition of land use rights in connection with plant relocation. Government grants are provided by relevant authorities at their discretion, but may not necessarily be recurring in nature. We licensed our trademark to a limited number of lighting product manufacturers in the PRC and received three percent of the licensees' annual turnover as trademark licence fees. In addition, we received distribution management commission on management of distribution of our licensees' lighting products through our distribution network. We received distribution management commission of six to eight percent on revenue generated from our distribution network. During the Period under Review, other income and gains was US$4,781,000, representing a decrease of 42.9% as compared with the Corresponding Period, which was mainly attributable to the decline in the licensees' turnover during the Period under Review. We have stopped managing the licensees' sales through our distribution network and ceased to receive distribution management commission since April 2012.

Selling and distribution costs

Selling and distribution costs mainly consist of freight costs, advertising and promotion expenses, staff costs and others. Others include office expenses, custom clearance expenses, insurance fees, travelling expenses, depreciation and amortisation, consulting fees and other miscellaneous costs.

During the Period under Review, selling and distribution costs was US$17,151,000, representing an increase of 11.9% as compared with the Corresponding Period, which was mainly attributable to increase in advertising and promotion and the rising labour cost. The selling and distribution costs as a percentage of revenue increased to 6.7% from 5.7%.

Administrative expenses

Administrative expenses mainly consist of employee costs, amortisation and depreciation, research and development expenses, bad debt provision, equity-settled share option expenses and others. Others mainly include taxes, office expenses, audit fees and other professional fees, and other miscellaneous items. These taxes mainly include land use tax and stamp duty in connection with our administrative functions.

During the Period under Review, administrative expenses was US$33,454,000, representing an increase of 91.9% as compared with the Corresponding Period, which was mainly attributable to bad debt provision of US$9,884,000 for part of the receivables and prepayments. Administrative expenses accounted for the percentage of revenue increased to 13.1% from 6.5%.

Included in the provisions for receivables and prepayments is a total of US$7,854,000 in respect of parties connected with Mr Wu Changjiang, representing the total outstanding amounts at the date of this earnings release. Information on these parties was provided in our announcement dated 14 August 2012 and the Board will consider the appropriate action to recover these amounts.

Other expenses

Other expenses mainly consist of exchange loss, loss on sale of property, plant and equipment and scrap materials and donations.

Finance income

Finance income mainly consists of interest income from bank deposits and other interest income.

Finance costs

Finance costs represent interest on bank loans and other interest expenses.

Share of profits of an associate

This item represents the Group's share of the net profit of an associate, Mianyang Leici during the Period under Review.

Income tax expense

During the Period under Review, the Group's income tax expenses was US$2,465,000, representing a decrease of 62.6% as compared with the Corresponding Period, which was mainly attributable to the reduction of respective profits resulting from the decrease in sales and gross profit of the Group.

Profit for the period (including profit attributable to non-controlling interests)

Due to the factors mentioned above, our net profit (including profit attributable to non-controlling interests) for the period amounted to US$9,295,000 during the Period under Review.

Exchange differences on translation of foreign operations

During the Period under Review, exchange differences on translation of foreign operations amounted to US$375,000. This revenue was primarily derived from the translation of the financial statements of the PRC subsidiaries which were denominated in RMB.

Profit attributable to owners of the parent for the period

Due to the factors mentioned above, profit attributable to owners of the parent was US$6,468,000 during the Period under Review.

Profit attributable to non-controlling interests for the period

During the Period under Review, profit attributable to non-controlling interests was US$2,827,000.

Management Discussion and Analysis

Cash Flow and Liquidity

Cash flows

The Group meets its working capital and other capital requirements principally with the following: (i) cash generated from our operations, (ii) short-term bank borrowings, and (iii) capital derived from exercise of share options by employees. The table below sets out the cash flow data extracted from our consolidated statement of cash flows.

	Six months ended 30 June	
	2012	2011
	US$'000	US$'000
Net cash flows from/(used in) operating activities	**23,136**	(35,084)
Net cash flows from/(used in) investing activities	**2,604**	(18,953)
Net cash flows from financing activities	**2,741**	17,156
Net increase/(decrease) in cash and cash equivalents	**28,481**	(36,881)
Cash and cash equivalents at beginning of period	**124,746**	182,766
Effect of foreign exchange rate changes, net	**715**	1,855
Cash and cash equivalents at end of period	**153,942**	147,740
Bank overdraft	**(1,256)**	(926)
Cash and cash equivalents as stated in the statement of cash flows	**152,686**	146,814

Net cash flows from/(used in) operating activities

We derive our cash inflows from operating activities, principally from the receipt of payments for the sale of our products. Our cash used in operating activities is mainly used to pay for goods purchased and costs and expenses relating to operating activities.

During the Period under Review, our net cash flows from operating activities amounted to US$23,136,000, while our operating cash inflows before changes in working capital amounted to US$31,259,000. The changes in working capital included: (i) an increase of US$13,941,000 in inventories; (ii) a decrease of US$3,058,000 in trade and bills receivables, prepayments, deposits and other receivables; (iii) income tax paid amounted to US$5,321,000; and (iv) an increase of US$8,081,000 in trade payables, other payables and accruals.

Net cash flows from/(used in) investing activities

Our cash flows used in investing activities mainly consist of payments for purchases of property, plant and equipment, intangible assets other than goodwill and investment in time deposits. During the Period under Review, our net cash flows from investing activities amounted to US$2,604,000, which mainly included (i) a total of US$16,199,000 for purchases of property, plant and equipment and intangible assets other than goodwill; and (ii) a decrease of US$17,409,000 in time deposits with original maturity of more than three months when acquired, which were partly offset by the interest income of US$1,374,000 and the proceeds of US$20,000 from disposal of property, plant and equipment.

Net cash flows from financing activities

Our cash flows from financing activities mainly consist of the proceeds from the exercise of share options, proceeds from new bank loans, receipt of government grants. Our cash flows used in financing activities consist of payments of dividend, bank loan principal and interest.

During the Period under Review, our net cash inflows from financing activities amounted to US$2,741,000. Our cash inflows were mainly from (i) the receipt of government grants of US$3,109,000; (ii) the proceeds of US$12,109,000 from new bank loans; and (iii) the proceeds of US$147,000 upon the exercise of share options. Such cash inflows were offset by US$4,421,000 for the payment of dividends and US$8,203,000 for the payment of principal and interest of bank loan.

Management Discussion and Analysis

Liquidity

Net current assets and working capital sufficiency

The table below sets out our current assets, current liabilities and net current assets as at the end of the Period under Review.

	30 June 2012 US$'000	31 December 2011 US$'000
CURRENT ASSETS		
Inventories	**123,247**	111,541
Trade and bills receivables	**133,304**	140,436
Prepayments, deposits and other receivables	**24,978**	31,287
Short-term deposits	**58,370**	75,954
Cash and cash equivalents	**153,942**	124,746
	493,841	483,964
Non-current assets classified as held for sale	**2,814**	2,805
Total current assets	**496,655**	486,769
CURRENT LIABILITIES		
Trade payables	**75,431**	61,223
Other payables and accruals	**42,849**	35,514
Interest-bearing loans and borrowings	**10,742**	6,494
Income tax payable	**3,605**	3,218
Total current liabilities	**132,627**	106,449
NET CURRENT ASSETS	**364,028**	380,320

As at 30 June 2012 and 31 December 2011, net current assets of the Group totalled US$364,028,000 and US$380,320,000, respectively, and the current ratio was 3.74 and 4.57, respectively. In light of our current liquidity position and the net proceeds available to the Company from the initial public offering and our projected cash inflow generated from operations, the Directors believe that we have sufficient working capital for our present requirements and for the next 12 months.

Capital Management

The following table presents our gearing ratios as at the end of the Period under Review.

	30 June 2012 US$'000	31 December 2011 US$'000
Interest-bearing loans and borrowings	**10,742**	6,494
Total debt	**10,742**	6,494
Less: cash and short-term deposits	**(212,312)**	(200,700)
Net debt	**N/A**	N/A
Total equity attributable to owners of the parent	**571,776**	579,225
Gearing ratio	**N/A**	N/A

The primary objective of our capital management is to maintain the stability and growth of the Company's financial conditions. We regularly review and manage our capital structure and make corresponding adjustments, taking into consideration changes in economic conditions, our future capital needs, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. We manage our capital through monitoring our gearing ratio (which is calculated as net debt divided by the total equity attributable to the owners of the parent). Net debt is the balance of interest-bearing loans, less cash and short-term deposits.

Inventories

The balance of inventories represented our balance of stock of raw materials, work in progress and finished goods as at the end of the Period under Review. We monitor our inventories on a regular basis. For the six months ended 30 June 2012, turnover of average inventories (in days) (average inventories equal inventories at the beginning of the period plus inventories at the end of the period (after provision for impairment of inventories), divided by two. Turnover of average inventories (in days) equals the average inventories divided by the cost of sales and then multiplied by 180) was 106.5 days, while it was 64.1 days during the Corresponding Period of 2011.

More details about the inventories are provided in note 16 to the interim condensed consolidated financial statements on page 62 of this report.

Trade and other receivables

Trade receivables of the Group represent proceeds receivable from sale of goods. Our trading terms with our customers are mainly on credit, except for new customers where payment in advance is normally required. The credit periods generally range from 60 to 120 days. Each customer has a maximum credit limit. We seek to maintain strict control over our outstanding receivables and have a credit control management system to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that our trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing and not pledged.

During the six months ended 30 June 2012, turnover of average trade and bills receivables (in days) (average trade and bills receivables equal trade and bills receivables at the beginning of the period plus trade and bills receivables at the end of the period (before provision), divided by two. Turnover of average trade and bills receivables (in days) equals the average trade and bills receivables divided by revenue and then multiplied by 180) was 98.8 days, while it was 91.5 days during the corresponding period of 2011.

More details about the trade and other receivable are provided in note 17 to the interim condensed consolidated financial statements on page 62 to page 64 of this report.

Trade and bills payables

During the six months ended 30 June 2012, turnover of average trade and bills payables (in days) (average trade and bills payables equal trade and bills payables at the beginning of the period plus trade and bills payables at the end of the period, divided by two. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and then multiplied by 180) was 62.0 days, while it was 53.2 days during the corresponding period of 2011. Turnover of average trade and bills payables (in days) declined mainly due to the acceleration of payments to suppliers so as to obtain higher discounts.

More details about the trade and bills payables are provided in note 20 to the interim condensed consolidated financial statements on page 68 to page 69 of this report.

Interest-bearing loans and borrowings

As at 30 June 2012, our total current interest-bearing loans and borrowings amounted to US$10,742,000 and we had no non-current interest-bearing loans and borrowings. The interest-bearing loans and borrowings were unsecured.

Interest-bearing loans and borrowings as at 30 June 2012 included (1) RMB-denominated loans of RMB20,000,000 at an interest rate of 6.588% per annum, RMB15,000,000 at an interest rate of 4.300% and RMB25,000,000 at an interest rate of 6.710% per annum; and (2) a GBP-denominated overdraft facility with a limit of GBP2,200,000. We has utilised GBP809,000 as at 30 June 2012 at an interest rate of Bank of England Base Rate plus 2.30% per annum. All of these loans and borrowings will mature before 30 April 2013.

More details about the interest-bearing loans are provided in note 22 to the interim condensed consolidated financial statements on page 70 of this report.

Capital expenditure

We funded our capital expenditure from cash generated from operations and bank loans as well as exercise of share options by our employees. Our capital expenditure primarily related to expenditure on property, plant and equipment, prepaid land lease payments, acquisition of subsidiaries, intangible assets other than goodwill, investment in an associate and long-term deferred expenditure. During the Period under Review, our capital expenditure amounted to US$17,980,000, mainly including (i) US$3,138,000 invested in plant, mainly used for investment in new Sunny industrial park plant; (ii) US$10,477,000 invested in machinery and equipment, mainly used for the expansion of production lines, non production equipment and moulds; and (iii) US$2,983,000 invested in construction in progress, mainly used in construction of Huizhou NVC phase-5 plant and the new Sunny industrial park complex.

Pledge of Assets

As at 30 June 2012, the Group had pledged time deposits of US$452,000 to secure the issuance of letters of credit or as guarantee for product quality as well as fulfilling contractual obligations.

Off-balance Sheet Arrangement

We did not have any outstanding derivative financial instruments or off-balance sheet guarantees for outstanding loans. We did not engage in trading activities involving non-exchange traded contracts.

Contingent Liabilities

As at 30 June 2012, the Group had no material contingent liabilities.

Capital Commitments

The details to capital commitments are provided in note 27 to the interim condensed consolidated financial statements on page 76 to page 77 of this report.

Continuing Connected Transactions

The continuing connected transactions of the Group for the six months ended 30 June 2012 were within the annual caps as set out in the Prospectus of the Company dated 7 May 2010 and as revised and disclosed in the announcements dated 24 December 2010, 10 March 2011, 31 May 2011 and 27 February 2012, respectively.

Merger and Acquisition

The Group made no acquisition, merger or sale of subsidiaries and associates for the six months ended 30 June 2012.

Management Discussion and Analysis

Use of Proceeds from the Initial Public Offering

We did not use the proceeds from the Global Offering in a manner different from that detailed in the Prospectus of the Company dated 7 May 2010.

Significant Investments

During the six months ended 30 June 2012, the Group had no significant investment. Save as disclosed in the prospectus of the Company dated 7 May 2010, the Group did not have any plan for significant investment during the six months ended 30 June 2012.

Employees

As at 30 June 2012, the Group had approximately 10,125 employees (31 December 2011: 9,868). During the Period under Review, the relevant employee salary and benefit expense was US$38,827,000 (including share option expense of US$143,000), while our employee salary and benefit expense was US$32,051,000 (including share option expense of US$413,000) for the corresponding period in 2011. The Group will regularly review remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. In addition to basic salary, employees are entitled to other benefits including social insurance contribution, employee provident fund schemes, discretionary incentive and share option schemes.

Market Risks

We are exposed to various market risks in the ordinary course of business. Our risk management strategy aims to minimise the adverse effects of these risks on our financial results.

Foreign currency risk

We have transactional currency exposure. Such exposure arises from sales by an operating unit in currencies other than its functional currency. Sales of products by our PRC entities to overseas customers are predominantly conducted in US dollars. As a result, we are exposed to fluctuations in the exchange rate between the US dollar and the RMB. During the Period under Review, the Group had no hedging arrangement in place with respect to the foreign exchange exposure, and did not experience any material difficulties or negative effects on our operations or liquidity as a result of fluctuations on currency exchange rates.

Commodity price risk

We are exposed to fluctuations in the prices of raw materials which are influenced by global as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect our financial performance. We have not entered into any commodity derivative instruments to hedge the potential commodity price changes.

Liquidity risk

We monitor our risk of having a shortage of funds by considering the maturity of our financial instruments, financial assets and liabilities and projected cash flows from operations. Our objective is to maintain a balance between continuity and flexibility of funding through the use of bank loans and other interest-bearing loans. Our Directors have reviewed our working capital and capital expenditure requirements and determined that we have no significant liquidity risk.

Credit risk

The major concentration of credit risk arises from our exposure to a substantial number of trade receivables from debtors. We have policies in place to ensure that the sales of products are made to customers with an appropriate credit limit, and we have strict control over credit limits of trade receivables. Our cash and short-term deposits are mainly deposited with registered banks in China and Hong Kong. We also have policies that limit our credit exposure to any financial institution. The carrying amounts of trade and bills receivables, prepayments, deposits and other receivables, cash and cash equivalents and short-term deposits included in the consolidated balance sheet represent our maximum exposure to credit risk in relation to our financial assets. We have no other financial assets which carry significant exposure to credit risk. In 2011, we entered into a number of one-year insurance contracts with China Export & Credit Insurance Corporation, which covered up to 85% from domestic and 90% from overseas of any uncollectible amounts derived from our sales between the period from 1 November 2011 to 31 October 2012 subject to a maximum compensation amount of RMB25.2 million for domestic sales and US$25 million for overseas sales. We purchased such insurance in order to minimise our exposure to credit risk as we expand our business. We plan to renew such insurance contracts as they become due.

Disclosure of Interests

Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares

As at 30 June 2012, so far as the Directors and chief executive are aware, the following shareholders (other than Directors or chief executive of the Company) had 5% or more beneficial interests or short positions in the issued shares and underlying shares of the Company which were recorded in the register required to be maintained by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Nature of interests	Class of shares	Number of shares	Percentage of the total shares issued
Wu Changjiang *(Note 1)*	Beneficial owner	Share options *(Note 2)*	30,476,000 (L) *(Note 3)*	0.96%
	Beneficial owner	Ordinary shares	78,889,000 (L)	2.50%
	Interest of a controlled corporation	Ordinary shares	507,648,992 (L) *(Note 4)*	16.07%
NVC Inc.	Beneficial owner	Ordinary shares	507,648,992 (L) *(Note 4)*	16.07%
SB Asia Investment Fund II L.P.	Beneficial owner	Ordinary shares	578,711,000 (L)	18.32%
Schneider Electric Asia Pacific Limited	Beneficial owner	Ordinary shares	288,371,000 (L) *(Note 5)*	9.13%
Schneider Electric Industries SAS	Interest of a controlled corporation	Ordinary shares	288,371,000 (L) *(Note 5)*	9.13%
Schneider Electric SA	Interest of a controlled corporation	Ordinary shares	288,371,000 (L) *(Note 5)*	9.13%
Signkey Group Limited	Beneficial owner	Ordinary shares	283,191,000 (L) *(Note 6)*	8.97%
Wu Jiannong	Interest of a controlled corporation	Ordinary shares	283,191,000 (L) *(Note 6)*	8.97%
	Beneficial owner	Ordinary shares	375,000 (L)	0.012%
GS Direct, L.L.C.	Beneficial owner	Ordinary shares	176,851,000 (L) *(Note 7)*	5.60%
	Beneficial owner	Share options *(Note 2)*	500,000 (L) *(Note 7)*	0.016%
The Goldman Sachs Group, Inc.	Interest of a controlled corporation	Ordinary shares	177,538,000 (L) *(Note 8)*	5.62%
	Interest of a controlled corporation	Share options *(Note 2)*	500,000 (L) *(Note 7)*	0.016%

Disclosure of Interests

Notes:

1. Mr. Wu Changjiang resigned as the chairman, executive director and chief executive officer of the Company, and resigned from all positions in committees of the Board with effect from 24 May 2012. Mr. Wu Changjiang was appointed head of the temporary operations committee of the Board as announced by the Company on 4 September 2012.

2. Details of the interest in Pre-IPO Share Option Scheme are set out below in the paragraph headed "Pre-IPO Share Option Scheme" and the prospectus of the Company dated 7 May 2010.

3. (L) represents long position.

4. These shares are held by NVC Inc. which is 100% beneficially owned by Mr. Wu Changjiang, and therefore, Mr. Wu Changjiang is deemed to be interested in the shares held by NVC Inc.

5. These shares are held by Schneider Electric Asia Pacific Limited. As Schneider Electric Asia Pacific Limited is a wholly-owned subsidiary of Schneider Electric Industries SAS, which in turn is a wholly-owned subsidiary of Schneider Electric SA, Schneider Electric Industries SAS and Schneider Electric SA are deemed to be interested in these shares.

6. These shares are held by Signkey Group Limited which is 85% beneficially owned by Mr. Wu Jiannong, and therefore, Mr. Wu Jiannong is deemed to be interested in the shares held by Signkey Group Limited.

7. These shares/options are held by GS Direct, L.L.C. As GS Direct, L.L.C is a wholly-owned subsidiary of The Goldman Sachs Group, Inc., The Goldman Sachs Group, Inc. is deemed to be interested in these shares/options.

8. These shares are held by GS Direct, L.L.C.. (176,851,000 shares), Goldman Sachs (Asia) Finance (117,000 shares) and Goldman Sachs International (570,000 shares). As all these companies are held by The Goldman Sachs Group, Inc. directly or indirectly, The Goldman Sachs Group, Inc. is deemed to be interested in the shares held by the aforesaid companies in the Company.

Save as disclosed above, as at 30 June 2012, so far as the Directors are aware, no other person (except the Directors and chief executive) or corporation had 5% or more interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be maintained by the Company pursuant to Section 336 of the SFO.

Disclosure of Interests

Interests and Short Positions of Directors and Chief Executives in the Shares, Underlying Shares and Debentures

As at 30 June 2012, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or recorded in the register required to be maintained pursuant to Section 352 of Part XV of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the provisions of the Model Code were as follows:

a. Long positions in the shares of the Company

Name of Director	Nature of interests	Class of shares	Number of shares	Percentage of the total shares issued
Mu Yu	Beneficial owner	Share options *(Note 1)*	97,000 (L) *(Note 2)*	0.0031%
	Beneficial owner	Ordinary shares	1,250,000 (L)	0.04%
Yan Andrew Y	Beneficial owner	Share options *(Note 1)*	532,000 (L)	0.02%
	Beneficial owner	Ordinary shares	22,274,000 (L)	0.71%
Lin Ho-Ping	Beneficial owner	Share options *(Note 1)*	532,000 (L)	0.02%
	Beneficial owner	Ordinary shares	22,274,000 (L)	0.71%

Notes:

1. Details of the interest in Pre-IPO Share Option Scheme are set out below in the paragraph headed "Pre-IPO Share Option Scheme" and the prospectus of the Company dated 7 May 2010.

2. (L) represents long position.

b. Long positions in shares of our associated corporations

As at 30 June 2012, none of the Directors or chief executive of the Company have or are deemed to have interests or short positions in the shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which were notifiable to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or recorded in the register required to be maintained by the Company pursuant to Section 352 of the SFO, or which were notifiable to the Company and the Stock Exchange pursuant to the provisions of the Model Code.

Pledging of Shares by Controlling Shareholders

As at 30 June 2012, the Company did not have any controlling shareholder.

Share Option Scheme

A share option scheme (the "Share Option Scheme") was conditionally approved and adopted at an extraordinary general meeting held on 27 April 2010. The purpose of the Share Option Scheme is to provide the Company with a means of incentivising and retaining employees, encouraging employees to work towards enhancing the value of the Company and promoting the long-term growth of the Company. This scheme will link the value of the Company with the interests of the participants, enabling participants and the Company to develop together and promoting the Company's corporate culture. The Directors may, at their discretion, invite any Directors (including executive Directors, non-executive Directors and independent non-executive Directors), employees and advisors, consultants, distributors, contractors, contract manufacturers, agents, customers, business partners and service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group to participate in the Share Option Scheme. The period within which the options must be exercised shall be determined by the Directors at the time of grant and such period must expire no later than 10 years from the date when the Board resolves to make the offer of options to the grantees. All outstanding options shall lapse when the grantee is dead or retired, the employment of the grantee ceases or where the grantee is no longer an employee of the Group.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company shall not exceed 10% (the Company may refresh the 10% limit in certain conditions) of the aggregate of the shares in issue on the listing date or 30% of the shares in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each participant under the Share Option Scheme or any other share option scheme adopted by the Company in any 12-month period must not exceed 1% of the shares in issue. Any further grant of options which would result in the number of shares issued as aforesaid exceeding the said 1% limit requires shareholders' prior approval with the relevant participant and his associates abstaining from voting. At the time of grant of the options, our Company may specify any minimum period(s) for which an option must be held before it can be exercised. The Share Option Scheme does not contain any such minimum period.

The subscription price for the shares the subject of the options shall be no less than the highest of (a) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; and (c) the nominal value of a share upon its issue. The amount payable by a grantee on acceptance of a grant of options is US$1.00. Life of the Share Option Scheme is the date of the tenth anniversary of the adoption of the Share Option Scheme. Further details of the Share Option Scheme are set out in the prospectus of the Company dated 7 May 2010.

For the six months ended 30 June 2012, no option has been granted under the Share Option Scheme.

Disclosure of Interests

Pre-IPO Share Option Scheme

The Company adopted the pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) approved by the Board on 15 October 2006 and amended on 23 December 2009 and 24 March 2010. The purpose of the Pre-IPO Share Option Scheme is to assist the Company in attracting, retaining and motivating key employees, Directors, consultants and strategic suppliers. The aggregate number of shares subject to the Pre-IPO Share Option Scheme is 240,429,000 shares, representing 8.11% of the issued share capital of the Company following the initial public offering.

Options have been granted under the Pre-IPO Share Option Scheme and shall expire no later than 10 years from the date the Board resolves to make the offer of options to the grantees. Options granted to grantees under the Pre-IPO Share Option Scheme shall vest immediately to the grantees, or vest to the grantees at a rate not more than 25% of each such grant for each year commencing from the date when the grantees can exercise such options granted to them. The exercise price of these share options was determined by the Board with reference to the market value of the Company’s ordinary shares and the Company’s equity value.

In the event that the Board allows a grantee to exercise an option granted under this Pre-IPO Share Option Scheme by delivering shares previously owned by such grantee and unless otherwise expressly provided by the Board, any shares delivered which were initially acquired by the grantee from the Company (upon exercise of a share option or otherwise) must have been owned by the grantee at least six months as at the date of delivery. The Company will not be obligated to deliver any shares unless and until it receives full payment of the exercise or purchase price therefore and any related withholding obligations and any other conditions to exercise or purchase have been satisfied. Unless otherwise expressly provided, the Board may at any time eliminate or limit a grantee’s ability to pay the purchase or exercise price of any option granted under this Pre-IPO Share Option Scheme by any method other than cash payment to the Company. The Board may take all actions necessary to alter the method of option exercise and the exchange and transmittal of proceeds with respect to grantees resident in the PRC not having permanent residence in a country other than the PRC in order to comply with applicable PRC foreign exchange and tax regulations. Further details of the Pre-IPO Share Option Scheme are set out in the prospectus of the Company dated 7 May 2010.

Disclosure of Interests

As at 30 June 2012, details of outstanding options granted under the Pre-IPO Share Option Scheme were as follows:

Name of the grantee	Class of shares	Relationship with the Group	Number of shares outstanding as at 1 January 2012	Number of shares outstanding as at 30 June 2012	Exercise price (HK$ per share)	Date of grant	Expiry date	Percentage of the number of shares outstanding as at 30 June 2012 to the total shares issued
Wu Changjiang *(Note 1)*	Share options	Shareholder	30,476,000	30,476,000	2.1	24 March 2010	24 March 2015	0.96%
Mu Yu	Share options	Director	97,000	97,000	2.1	24 March 2010	24 March 2016	0.0031%
Yan Andrew Y	Share options	Director	532,000	532,000	2.1	24 March 2010	24 March 2015	0.017%
Lin Ho-Ping	Share options	Director	532,000	532,000	2.1	24 March 2010	24 March 2015	0.017%
GS Direct L.L.C.	Share options	Shareholder	500,000	500,000	2.1	24 March 2010	24 March 2015	0.016%
Others (including senior management)	Share options	Employees and others	533,000	–	2.1	24 March 2010	24 March 2015	–
			9,600,000	8,175,000	2.1	24 March 2010	24 March 2016	0.26%
			1,000,000	1,000,000	2.1	24 March 2010	25 June 2017	0.032%
			1,000,000	1,000,000	2.1	24 March 2010	8 February 2017	0.032%
			1,000,000	1,000,000	2.1	24 March 2010	31 December 2016	0.032%
Total			45,270,000	43,312,000				1.37%

Disclosure of Interests

Note:

1. Mr. Wu Changjiang resigned as the chairman, executive director and chief executive officer of the Company, and resigned from all positions in committees of the Board with effect from 24 May 2012. Mr. Wu Changjiang was appointed head of the temporary operations committee of the Board as announced by the Company on 4 September 2012.

For further details about the Share Option Scheme, please refer to note 25 to the interim condensed consolidated financial statements on page 73 to page 75 and the prospectus of the Company dated 7 May 2010.

For the six months ended 30 June 2012, out of the share options granted under the Pre-IPO Share Option Scheme, 500,000 share options were exercised. Details of the exercised share options are as follows:

Exercise date	Number of share options exercised	Exercise price	Average closing price for the five trading days preceding the date of exercise
30 May 2012	500,000	HK$2.1	HK$2.016
Total	500,000		

For the six months ended 30 June 2012, out of the share options granted under the Pre-IPO Share Option Scheme, 1,458,000 share options were lapsed due to the resignation of the employee. Details of the lapsed share options are as follows:

Number of share options lapsed	Exercise price	Date of grant	Expiry date
533,000	HK$2.1	24 March 2010	24 March 2015
925,000	HK$2.1	24 March 2010	24 March 2016

For the six months ended 30 June 2012, out of the share options granted under the Pre-IPO Share Option Scheme, none of the share options were cancelled.

Corporate Governance and Other Information

Corporate Governance

At the end of 2011, the Stock Exchange revised the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (renamed as the Corporate Governance Code after amendments) ("Code") with the amendments effective from 1 April 2012. The Directors are of the opinion that, during the period from 1 January 2012 to 31 March 2012, the Company had complied with the provisions of the principles and codes set out in the Code before amendments, except for the Code Provision A.2.1 which requires that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Save as disclosed below, the Company had fully complied with the provisions of the principles and codes set out in the Code after amendments during the period from 1 April 2012 to 30 June 2012.

Under the Code Provision A.2.1, the role of chairman and chief executive officer should be separated and should not be performed by the same individual. As the duties of chairman of the Company and chief executive officer of the Company had been performed by Mr. Wu Changjiang until 24 May 2012, the Company deviated from the Code. However, Mr. Wu Changjiang resigned as the chairman, executive director and chief executive officer of the Company, and resigned from all positions in committees of the Board with effect from 24 May 2012. Since then, the roles of the chairman and chief executive officer have been separated and the requirement under the Code Provision A.2.1 has been complied with. At present, Mr. Yan Andrew Y holds the position of chairman of the Company and Mr. Zhang Kaipeng holds the position of chief executive officer of the Company.

As Mr. Karel Robert Den Daas and Mr. Alan Russell Powrie resigned as independent non-executive directors of the Company with effect from 9 August 2012 and 29 August 2012 respectively, the number and qualifications of independent non-executive directors in the Board and the composition of the relevant Board committees have not been in compliance with the requirement of Rule 3.10, Rule 3.21, Rule 3.25 and Code Provision A.5.1 of the Listing Rules. The Company is in the process of identifying suitable candidates and will appoint new independent non-executive directors as soon as possible.

In addition, the chairman of the Board of the Company, Mr. Yan Andrew Y, did not attend the shareholders' annual general meeting held on 19 June 2012 as he was not in Hong Kong, resulting in the Company's non-compliance with the requirement under the Code Provision E.1.2.

Model Code for Securities Transactions

The Company has adopted the Model Code as its code of conduct regarding directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they had complied with all relevant requirements as set out in the Model Code during the Period under Review.

Corporate Governance and Other Information

Audit Committee

The Company established an audit committee in compliance with the Listing Rules. New written terms of reference of the audit committee were adopted on 26 March 2012. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. At present, Mr. Wang Jinsui, an independent non-executive director, is the member of the audit committee. Mr. Karel Robert Den Daas resigned as an independent non-executive director with effect from 9 August 2012 and therefore is no longer a member of the audit committee. Mr. Alan Russell Powrie resigned as an independent non-executive director with effect from 29 August 2012, and therefore is no longer the chairman of the audit committee. Their resignations resulted in the Company's non-compliance with Rule 3.21 of the Listing Rules. The Board will make new appointments as soon as possible to comply with Rule 3.21 of the Listing Rules. The audit committee has reviewed and discussed the interim results for the six months ended 30 June 2012.

Remuneration Committee

The Company established a remuneration committee in compliance with the Listing Rules. New written terms of reference of the remuneration committee were adopted on 26 March 2012. The primary duties of the remuneration committee are to establish and review the policy and structure of remuneration for the directors and senior management. At present, the remuneration committee has three members, namely Mr. Yan Andrew Y, Mr. Zhu Hai and Mr. Wang Jinsui. Mr. Karel Robert Den Daas resigned as an independent non-executive director with effect from 9 August 2012 and therefore is no longer the chairman of the remuneration committee. Mr. Alan Russell Powrie resigned as an independent non-executive director with effect from 29 August 2012, and therefore is no longer a member of the remuneration committee. Their resignations resulted in the Company's non-compliance with Rule 3.25 of the Listing Rules. The Board will make a new appointment as soon as possible to comply with Rule 3.25 of the Listing Rules.

Nomination Committee

The Board approved the establishment of a nomination committee on 26 March 2012 with written terms of reference. The primary duties of the nomination committee are to review the structure and composition of the Board, make recommendations to the Board on the appointment, re-appointment of Directors and succession plans for Directors and assess the independence of independent non-executive directors. The nomination committee has two members, namely Mr. Lin Ho-Ping and Mr. Wang Jinsui. Mr. Wang Jinsui has been appointed as the chairman of the nomination committee. Mr. Karel Robert Den Daas and Mr. Alan Russell Powrie resigned as independent non-executive directors with effect from 9 August 2012 and 29 August 2012 respectively and therefore are no longer members of the nomination committee. Their resignation resulted in the Company's non-compliance with the Code Provision A.5.1. The Board will make a new appointment as soon as possible to comply with Code Provision A.5.1.

Change in Directors' Information

Under Rule 13.51B(1) of the Listing Rules, changes in the Directors' information of the Company required to be disclosed in this report are as follows:

Mr. Karel Robert Den Daas resigned as an Independent Non-executive Director of the Company with effect from 9 August 2012.

Ms. Hui Ming Yunn, Stephanie resigned as a Non-executive Director of the Company with effect from 24 August 2012.

Mr. Alan Russell Powrie resigned as an Independent Non-executive Director of the Company with effect from 29 August 2012.

In addition, Mr. Yan Andrew Y (being a non-executive director of the Company) has been appointed as an independent non-executive director of China Petroleum & Chemical Corporation since 11 May 2012 and has held the position of non-executive director of Guodian Technology & Environment Group Corporation Limited since 8 June 2012.

Purchase, Sale or Redemption of Listed Securities

For the six months ended 30 June 2012, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

Dividend

Pursuant to a meeting of the Board held on 24 August 2011, the Company declared an interim dividend of HK2.5 cents per share totaling HK$78,950,000 (before tax), of which an amount of HK$800 has not been collected as at the date of this report.

Pursuant to a resolution of the Board dated 26 March 2012, which was passed at the annual general meeting held on 19 June 2012, the Company declared a final dividend of HK3.5 cents per share and the total final dividend payable amounted to HK$110,548,000 (before tax), of which an amount of HK$24,850 has not been collected as at the date of this report.

The Board has resolved to declare an interim dividend of HK1 cent per share for the six months ended 30 June 2012 (Corresponding Period of 2011: HK2.5 cents per share) to shareholders whose names appear on the register of members of the Company on Friday, 21 September 2012. Based on the 3,158,513,000 shares in issue as at 30 June 2012, it is expected that the interim dividend payable will amount to approximately HK$31,585,000 (equivalent to approximately US$4,071,000) (before tax).

Closure of Register of Members

The Register of Members will be closed from 18 September 2012, Tuesday to 21 September 2012, Friday (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by share certificates and transfer forms must be lodged with the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 17 September 2012, Monday.

Report on Review of Interim Condensed Consolidated Financial Statements

ERNST & YOUNG
安永

To the board of directors of NVC Lighting Holding Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim condensed consolidated financial statements of NVC Lighting Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 81, which comprise the interim condensed consolidated statements of financial position as at 30 June 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and the explanatory information. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board.

The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards, or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
28 August 2012

Interim Condensed Consolidated Income Statement

Six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 US$'000 (Unaudited)	Six months ended 30 June 2011 US$'000 (Unaudited)
REVENUE	5	**255,930**	266,992
Cost of sales		**(198,360)**	(196,681)
Gross profit		**57,570**	70,311
Other income and gains	6.2	**4,781**	8,375
Selling and distribution costs		**(17,151)**	(15,321)
Administrative expenses		**(33,454)**	(17,432)
Other expenses		**(1,490)**	(323)
Finance income	6.3	**1,813**	1,665
Finance costs	6.4	**(379)**	(94)
Share of profits of an associate		**70**	61
PROFIT BEFORE TAX		**11,760**	47,242
Income tax expense	7	**(2,465)**	(6,588)
PROFIT FOR THE PERIOD		**9,295**	40,654
Attributable to:			
Owners of the parent		**6,468**	39,575
Non-controlling interests		**2,827**	1,079
		9,295	40,654
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	**0.20 US cent**	1.28 US cents
Diluted	8	**0.20 US cent**	1.25 US cents

Details of the dividend payable are disclosed in note 9 to the financial statements.

Interim Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	US$'000	US$'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**9,295**	40,654
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**375**	6,641
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**9,670**	47,295
Attributable to:		
Owners of the parent	**6,521**	46,530
Non-controlling interests	**3,149**	765
	9,670	47,295

Interim Condensed Consolidated Statement of Financial Position

30 June 2012

	Notes	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**140,341**	130,484
Prepaid land lease payments	*11*	**11,066**	11,322
Goodwill	*13*	**34,512**	34,849
Other intangible assets	*14*	**53,757**	55,786
Investment in an associate		**909**	706
Deferred tax assets	*15*	**7,652**	4,765
Long-term deferred expenditure		**–**	56
Prepayments for purchase of property, plant and equipment	*18*	**3,151**	4,596
Total non-current assets		**251,388**	242,564
CURRENT ASSETS			
Inventories	*16*	**123,247**	111,541
Trade and bills receivables	*17*	**133,304**	140,436
Prepayments, deposits and other receivables	*18*	**24,978**	31,287
Short-term deposits	*19*	**58,370**	75,954
Cash and cash equivalents	*19*	**153,942**	124,746
		493,841	483,964
Non-current assets classified as held for sale	*12*	**2,814**	2,805
Total current assets		**496,655**	486,769
CURRENT LIABILITIES			
Trade payables	*20*	**75,431**	61,223
Other payables and accruals	*21*	**42,849**	35,514
Interest-bearing loans and borrowings	*22*	**10,742**	6,494
Income tax payable		**3,605**	3,218
Total current liabilities		**132,627**	106,449
NET CURRENT ASSETS		**364,028**	380,320
TOTAL ASSETS LESS CURRENT LIABILITIES		**615,416**	622,884

Continued/...

Interim Condensed Consolidated Statement of Financial Position

30 June 2012

	Notes	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	**13,913**	14,310
Government grants	23	**22,022**	20,908
Total non-current liabilities		**35,935**	35,218
Net assets		**579,481**	587,666
EQUITY			
Equity attributable to owners of the parent			
Issued capital	24	**–**	–
Share premium	24	**296,956**	296,826
Shareholders' contribution		**879**	879
Statutory reserve		**13,335**	13,335
Employee equity benefit reserve		**1,707**	1,586
Foreign currency translation reserve		**34,448**	34,395
Retained earnings		**224,451**	217,983
Proposed final dividend		**–**	14,221
		571,776	579,225
Non-controlling interests		**7,705**	8,441
Total equity		**579,481**	587,666

MU Yu
Director

LIN Ho-Ping
Director

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2012

	Attributable to owners of the parent										
	Issued capital *(note 24)* US$'000	Share premium US$'000	Shareholders' contribution US$'000	Statutory reserve US$'000	Employee equity benefit reserve US$'000	Foreign currency translation reserve US$'000	Retained earnings US$'000	Proposed final dividend US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2012	–	296,826	879	13,335	1,586	34,395	217,983	14,221	579,225	8,441	587,666
Profit for the period	–	–	–	–	–	–	6,468	–	6,468	2,827	9,295
Other comprehensive income:											
Exchange differences on translation of foreign operations	–	–	–	–	–	53	–	–	53	322	375
Total comprehensive income for the period	–	–	–	–	–	53	6,468	–	6,521	3,149	9,670
Exercise of share options	–	157	–	–	(22)	–	–	–	135	–	135
Employee share option arrangements *(note 25)*	–	–	–	–	143	–	–	–	143	–	143
Dividend distributed by a subsidiary to the non-controlling shareholder	–	–	–	–	–	–	–	–	–	(3,885)	(3,885)
2011 final dividend declared	–	(27)	–	–	–	–	–	(14,221)	(14,248)	–	(14,248)
At 30 June 2012 (Unaudited)	–	296,956	879	13,335	1,707	34,448	224,451	–	571,776	7,705	579,481

Continued/...

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2012

	Attributable to owners of the parent										
	Issued capital US$'000	Share premium US$'000	Shareholders' contribution US$'000	Statutory reserve US$'000	Employee equity benefit reserve US$'000	Foreign currency translation reserve US$'000	Retained earnings US$'000	Proposed final dividend US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2011	–	315,130	879	10,445	1,768	17,858	134,370	11,811	492,261	4,002	496,263
Profit for the period	–	–	–	–	–	–	39,575	–	39,575	1,079	40,654
Other comprehensive income:											
Exchange differences on translation of foreign operations	–	–	–	–	–	6,955	–	–	6,955	(314)	6,641
Total comprehensive income for the period	–	–	–	–	–	6,955	39,575	–	46,530	765	47,295
Transfer to statutory reserve	–	–	–	2,132	–	–	(2,132)	–	–	–	–
Acquisition of non-controlling interests in a subsidiary	–	(606)	–	–	–	–	–	–	(606)	606	–
Exercise of share options	–	5,207	–	–	(567)	–	–	–	4,640	–	4,640
Employee share option arrangements	–	–	–	–	413	–	–	–	413	–	413
2010 final dividend declared	–	(240)	–	–	–	–	–	(11,811)	(12,051)	–	(12,051)
At 30 June 2011 (Unaudited)	–	319,491	879	12,577	1,614	24,813	171,813	–	531,187	5,373	536,560

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 US$'000 (Unaudited)	2011 US$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**11,760**	47,242
Adjustments for:			
Depreciation of property, plant and equipment	*6.1*	**7,186**	4,926
Amortisation of prepaid land lease payments	*6.1*	**210**	206
Amortisation of other intangible assets	*6.1*	**2,184**	1,895
Amortisation of long-term deferred expenditure	*6.1*	**89**	4
Loss on disposal of items of property, plant and equipment	*6.1*	**104**	105
Equity-settled share option expense	*6.1*	**143**	413
Finance income	*6.3*	**(1,813)**	(1,665)
Finance costs	*6.4*	**379**	30
Share of profits of an associate		**(70)**	(61)
Impairment of trade receivables, other receivables and prepayments	*6.1*	**9,884**	457
Write-down of inventories to net realisable value	*6.1*	**2,120**	123
Government grants	*6.2*	**(1,912)**	(1,287)
Exchange losses/(gains), net	*6.1*	**995**	(744)
		31,259	51,644
Decrease/(increase) in trade and bills receivables		**4,717**	(43,238)
Increase in prepayments, deposits and other receivables		**(1,659)**	(35,540)
Increase in inventories		**(13,941)**	(3,033)
Increase in trade payables		**14,499**	12,257
Decrease in other payables and accruals		**(6,418)**	(11,123)
Income tax paid		**(5,321)**	(6,051)
Net cash flows from/(used in) operating activities		**23,136**	(35,084)

Continued/...

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 US$'000 (Unaudited)	2011 US$'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		**20**	210
Purchases of items of property, plant and equipment		**(16,069)**	(27,759)
Payment for acquisition of land use rights		**–**	(495)
Additions to other intangible assets other than goodwill		**(130)**	(1,066)
Payment for long-term deferred expenditure		**–**	(33)
Acquisition of a subsidiary		**–**	(306)
Interest received		**1,374**	991
Decrease in short-time deposits	*19*	**17,409**	9,505
Net cash flows from/(used in) investing activities		**2,604**	(18,953)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		**147**	4,640
Dividends paid		**(536)**	–
Dividends paid to a non-controlling shareholder		**(3,885)**	–
Receipt of government grants	*23*	**3,109**	2,609
New bank loans		**12,109**	9,937
Repayment of bank loans		**(7,824)**	–
Interest paid		**(379)**	(30)
Net cash flows from financing activities		**2,741**	17,156
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Net increase/(decrease) in cash and cash equivalents		**28,481**	(36,881)
Cash and cash equivalents at beginning of period		**124,746**	182,766
Effect of foreign exchange rate changes, net		**715**	1,855
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**153,942**	147,740
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*19*	**130,304**	65,098
Non-pledged time deposits with original maturity of less than three months when acquired	*19*	**23,638**	82,642
Cash and cash equivalents as stated in the statement of financial position		**153,942**	147,740
Bank overdraft	*22*	**(1,256)**	(926)
Cash and cash equivalents as stated in the statement of cash flows		**152,686**	146,814

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

1. Corporate Information

NVC Lighting Holding Limited (the "Company") was incorporated in the territory of the British Virgin Islands (the "BVI") as a limited liability company on 2 March 2006 and was redomiciled to the Cayman Islands on 30 March 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company.

The Company has subsidiaries in the People's Republic of China (the "PRC"), Hong Kong, the BVI and the United Kingdom (the "UK"). The particulars of the Company's subsidiaries are set out below:

Company name	Place and date of establishment/ incorporation and place of operations	Nominal value of issued share capital/ registered capital	Percentage of ownership interest attributable to the Company Direct	Indirect	Principal activities
Huizhou NVC Lighting Technology Co., Ltd. ("Huizhou NVC")	PRC 29 April 2006/ Mainland China*	US$37,250,000	100%	–	Manufacture and sale of lamps, luminaires, lamp transformers, lighting electronic products and other appliances
Chongqing NVC Lighting Co., Ltd. ("Chongqing NVC")	PRC 1 December 2006/ Mainland China	US$4,000,000	100%	–	Manufacture and sale of lamps, luminaires and other lighting electronic appliances
Zhejiang NVC Lamps Co., Ltd. ("Zhejiang NVC")	PRC 28 September 2007/ Mainland China	RMB20,000,000 (equivalent to US$2,740,702)	–	51%	Manufacture and sale of lamps and related products
Zhejiang Jiangshan Sunny Electron Co., Ltd. ("Sunny")	PRC 2 July 1994/ Mainland China	RMB10,000,000 (equivalent to US$1,369,000)	–	100%	Manufacture and sale of light tubes for energy-saving lamps and related products
Jiangshan Phoebus Lighting Electron Co., Ltd. ("Jiangshan Phoebus")	PRC 8 March 2006/ Mainland China	US$7,000,000	–	100%	Manufacture and sale of light tubes for energy-saving lamps and related products
Zhangpu Phoebus Lighting Co., Ltd. ("Zhangpu Phoebus")	PRC 9 May 2004/ Mainland China	US$3,000,000	–	100%	Manufacture and sale of light tubes for energy-saving lamps and related products
Shanghai Arcata Electronics Co., Ltd. ("Shanghai Arcata")	PRC 22 September 2005/ Mainland China	US$10,000,000	–	100%	Manufacture and sale of lamp transformers and other lighting electronic products

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

1. Corporate Information *(continued)*

Company name	Place and date of establishment/ incorporation and place of operations	Nominal value of issued share capital/ registered capital	Percentage of ownership interest attributable to the Company Direct	Indirect	Principal activities
World Through Investments Limited ("World Through")	BVI 5 August 2005/ Mainland China	US$50,000	–	100%	Investment holding
NVC Lighting Limited ("UK NVC")	England and Wales 31 May 2007/ the UK	GBP2,000,000 (equivalent to US$3,395,857)	100%	–	Trading of lamps, luminaires and other lighting products
Hong Kong TYU Technology Co., Ltd. ("Hong Kong TYU")	Hong Kong 17 July 2007/ Mainland China	HK$200,000 (equivalent to US$25,643)	100%	–	Trading of lamps, luminaires and other lighting products
Hong Kong Max Rich Holdings Limited ("Max Rich")	Hong Kong 18 September 2008/ Mainland China	HK$1	–	100%	Investment holding
NVC Lighting (Chongqing) Co., Ltd. ("Chongqing Lighting") [1]	PRC 7 November 2011/ Mainland China	HK$200,000,000 (equivalent to US$25,744,996)	–	100%	Research, development, manufacture and sales of lamp, luminaires and lighting electronic products.

* *Mainland China refers to the PRC excluding Hong Kong and Macau.*

1 *Chongqing Lighting is registered as a wholly-foreign-owned subsidiary under PRC law and the registered capital has not been paid up as at the reporting date of the financial statements.*

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

2.1 Basis of Preparation

These interim condensed consolidated financial statements of the Group for the six months ended 30 June 2012 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. These interim condensed consolidated financial statements are presented in United States Dollars ("US$") and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and basis of preparation used in the preparation of these interim condensed consolidated financial statements are the same as those used in the Group's annual consolidated financial statements for the year ended 31 December 2011, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") (which also include International Accounting Standards ("IASs") and Interpretations).

These interim condensed consolidated financial statements do not include all information and disclosures required in the Group's annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2011.

2.2 Impact of New and Revised IFRSs

The Group has adopted the following revised IFRSs for the first time for the current period's interim condensed consolidated financial statements:

- IFRS 1 Amendments — *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- IFRS 7 Amendments — *Amendments to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets*
- IAS 12 Amendments — *Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of these new and revised IFRSs has had no significant effect on the interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

2.3 Impact of Issued but not yet Effective IFRSs

The Group has not applied the following new and revised IFRSs and IFRIC interpretations that have been issued but are not yet effective in these financial statements:

IFRS 1 Amendments	*Amendments to IFRS 1 Government Loans*[2]
IFRS 7 Amendments	*Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
IFRS 9	*Financial Instruments*[4]
IFRS 10	*Consolidated Financial Statements*[2]
IFRS 11	*Joint Arrangements*[2]
IFRS 12	*Disclosure of Interests in Other Entities*[2]
Amendments to IFRS 10, IFRS 11 and IFRS 12	*Consolidated Financial Statements, Joint Arrangement and Disclosure of Interests in Other Entities: Transition Guidance*[2]
IFRS 13	*Fair Value Measurement*[2]
IAS 1 Amendments	*Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income*[1]
IAS 19 Amendments	*Employee Benefits*[2]
IAS 27 (Revised)	*Separate Financial Statements*[2]
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*[2]
IAS 32 Amendments	*Amendments to IAS Presentation – Offsetting Financial Assets And Financial Liabilities*[3]
IFRIC- 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements Project	*Annual Improvements 2009-2011 Cycle*[2]

[1] *Effective for annual periods beginning on or after 1 July 2012*
[2] *Effective for annual periods beginning on or after 1 January 2013*
[3] *Effective for annual periods beginning on or after 1 January 2014*
[4] *Effective for annual periods beginning on or after 1 January 2015*

The Group is in the process of making an assessment of the impact of the new and revised IFRSs and IFRIC interpretations upon initial application. The Group will adopt the above IFRSs when they become effective.

3. Seasonality of Operations

The principal activities of the Group are manufacture and sales of lamp products, luminaire products and lighting electronic products. Due to the seasonal nature of its products, higher revenues and operation profits are usually expected in the second half of the year rather than in the first six months. Higher sales during the peak seasons in the second half year are mainly attributed to the increased commercial lighting demand for various upcoming holidays.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

4. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

	Six months ended 30 June 2012 (Unaudited)				
	Lamp products US$'000	Luminaire products US$'000	Lighting electronic products US$'000	Eliminations US$'000	Consolidated US$'000
Revenue:					
Revenue from external customers	109,011	126,396	20,523	–	255,930
Intersegment	4,985	–	6,217	(11,202)	–
Total revenue	113,996	126,396	26,740	(11,202)	255,930
Results	23,683	30,284	3,810	–	57,777
Elimination of intersegment profit	226	–	(433)	–	(207)
Results derived from external customers	23,909	30,284	3,377	–	57,570
Finance income					1,813
Unallocated income:					
Government grants					1,912
Trademark licence fees					1,116
Distribution commission					1,020
Gains from sales of scrap materials					316
Others					417
					4,781
Unallocated expenses:					
Advertising and promotion expenses					(5,627)
Freight					(5,089)
Loss on disposal of items of property, plant and equipment					(104)
Donations					(105)
Exchange losses, net					(995)
Research and development expenses, excluding the amortisation of deferred expenditures					(7,353)
Staff costs					(10,598)
Amortisation and depreciation					(4,196)
Impairment of trade receivables, other receivables and prepayments					(9,884)
Equity-settled share option expense					(143)
Other unallocated head office and corporate expenses					(8,001)
					(52,095)
Finance costs					(379)
Share of profits of an associate					70
Profit before tax					11,760
Income tax expense					(2,465)
Profit for the period					9,295

4. Operating Segment Information *(continued)*

	Six months ended 30 June 2011 (Unaudited)				
	Lamp products US$'000	Luminaire products US$'000	Lighting electronic products US$'000	Eliminations US$'000	Consolidated US$'000
Revenue:					
Revenue from external customers	84,321	152,015	30,656	–	266,992
Intersegment	6,033	–	3,436	(9,469)	–
Total revenue	90,354	152,015	34,092	(9,469)	266,992
Results	21,752	46,011	5,218	–	72,981
Elimination of intersegment profit	(2,539)	–	(131)	–	(2,670)
Results derived from external customers	19,213	46,011	5,087	–	70,311
Finance income					1,665
Unallocated income:					
Government grants					1,287
Trademark licence fee					1,841
Distribution commission					3,739
Gains from sales of scrap materials					480
Rental income					144
Exchange gains, net					744
Others					140
					8,375
Unallocated expenses:					
Advertising and promotion expenses					(4,804)
Freight					(5,021)
Loss on disposal of items of property, plant and equipment					(105)
Donations					(111)
Research and development expenses, excluding the amortisation of deferred expenditures					(4,047)
Staff costs					(8,828)
Amortisation and depreciation					(2,745)
Impairment of trade receivables					(457)
Equity-settled share option expense					(413)
Other unallocated head office and corporate expenses					(6,545)
					(33,076)
Finance costs					(94)
Share of profits of an associate					61
Profit before tax					47,242
Income tax expense					(6,588)
Profit for the period					40,654

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

4. Operating Segment Information *(continued)*

Information about major customers

There was no single customer to whom the Group's sales amounted to 10% or more of the Group's revenue for the six months ended 30 June 2012 (six months ended 30 June 2011: None).

5. Revenue

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

6. Other Income and Expenses

6.1 The following items were included in the interim condensed consolidated income statement:

	Six months ended 30 June	
	2012 US$'000 (Unaudited)	2011 US$'000 (Unaudited)
Cost of inventories recognised as an expense	**196,240**	196,558
Depreciation	**7,186**	4,926
Research and development costs:		
Current year expenditure	**7,353**	4,047
Less: Government grants released	**(597)**	–
	6,756	4,047
Deferred expenditure amortised	**450**	335
	7,206	4,382
Amortisation of intangible assets other than goodwill	**2,184**	1,895
Write-down of inventories to net realisable value	**2,120**	123
Minimum lease payments	**2,301**	1,257
Amortisation of prepaid land lease payments	**210**	206
Amortisation of long-term deferred expenditure	**89**	4
Auditors' remuneration	**424**	207
Impairment of trade receivables, other receivables and prepayments	**9,884**	457
Loss on disposal of items of property, plant and equipment	**104**	105
Exchange losses, net	**995**	–
Employee benefit expense (including directors' remuneration)		
Wages and salaries	**30,944**	26,033
Social insurance and welfare	**7,740**	5,605
Equity-settled share option expense	**143**	413
Included in cost of sales:		
Depreciation	**4,065**	3,030
Amortisation of intangible assets other than goodwill	**816**	580
Minimum lease payments under operating leases	**1,552**	284

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

6. Other Income and Expenses *(continued)*

6.2 Other income and gains

	Note	Six months ended 30 June 2012 US$'000 (Unaudited)	2011 US$'000 (Unaudited)
Government grants		**1,912**	1,287
Trademark licence fees	*(a)*	**1,116**	1,841
Distribution commission	*(a)*	**1,020**	3,739
Gains from sales of scrap materials		**316**	480
Rental income		**–**	144
Exchange gains, net		**–**	744
Others		**417**	140
		4,781	8,375

Note:

(a) During the six months ended 30 June 2012, the Group licensed the "NVC" trademark to a limited number of related companies at 3% of the related companies' sales as trademark licence fees and charged distribution commission to a limited number of related companies for their products sold through the Group's distribution network at 6% to 8% of the relevant sales. Since 1 April 2012, the Group has stopped providing its distribution network for selling products of related parties, accordingly no distribution commission has been recorded since then. Details of the related party transactions are set out in note 28 to the financial statements.

6. Other Income and Expenses *(continued)*

6.3 Finance income

	Six months ended 30 June	
	2012	2011
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Interest income from bank deposits	**1,474**	1,507
Other interest income	**339**	158
	1,813	1,665

6.4 Finance costs

	Six months ended 30 June	
	2012	2011
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Interest on bank loans	**344**	30
Other interest expenses	**35**	64
	379	94

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

7. Income Tax

	Six months ended 30 June	
	2012	2011
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current income tax:		
Current income tax charge for the period	**5,408**	7,313
Underprovision in prior years	**300**	–
Deferred income tax:		
Relating to origination and reversal of temporary differences	**(3,243)**	(725)
Total tax charge for the period	**2,465**	6,588

The Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies within the Group are domiciled and operate. No provision for Hong Kong profits tax or UK corporation income tax has been made as the Group has no assessable profits arising in Hong Kong or the UK during the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

The Company's subsidiaries located in Mainland China are subject to enterprise income tax ("EIT") at the statutory tax rate of 25%.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

7. Income Tax *(continued)*

Pursuant to the then effective PRC income tax laws and regulations, foreign-invested enterprises that were engaged in manufacturing activities with an operation period of over 10 years were eligible to apply for a two-year EIT exemption followed by a three-year 50% EIT reduction holiday. In accordance with the approval from the relevant tax authorities, the Group's PRC subsidiaries including Huizhou NVC, Chongqing NVC, Jiangshan Phoebus, Zhangpu Phoebus and Shanghai Arcata enjoyed the above tax holiday starting from 2006, 2007, 2007, 2007 and 2008, respectively. Chongqing NVC, a subsidiary located in the west of China, was recognised as a western development enterprise by the local tax authority in 2009 and is entitled to the preferential tax rate of 15% from 2009 to 2020 according to a local tax policy on western development issued in 2011. Sunny, Jiangshan Phoebus and Huizhou NVC were all recognised as high-tech enterprises by the PRC tax authority and entitled a preferential tax rate of 15% for three years starting from year 2008, 2011 and 2009, respectively. Sunny was extended the effective period from year 2011 to 2013. A summary of the applicable tax rates for the Group's PRC subsidiaries is set out below:

	Six months ended 30 June	
	2012	2011
Huizhou NVC	**25%**	15%
Chongqing NVC	**15%**	12.5%
Zhejiang NVC	**25%**	25%
Jiangshan Phoebus	**15%**	12.5%
Zhangpu Phoebus	**25%**	12.5%
Sunny	**15%**	25%
Shanghai Arcata	**12.5%**	12.5%
Chongqing Lighting	*	N/A

* Chongqing Lighting has not started normal operation by the end of the reporting date of the interim condensed financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

8. Earnings per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 3,160,625,000 (six months ended 30 June 2011: 3,158,387,000) in issue during the six months ended 30 June 2012.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of share options or conversion of all dilutive potential ordinary shares into ordinary shares.

	Six months ended 30 June	
	2012	2011
	US cent	US cents
	(Unaudited)	(Unaudited)
Earnings per share		
– Basic	**0.20**	1.28
– Diluted	**0.20**	1.25

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2012	2011
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**6,468**	39,575

	Six months ended 30 June	
	2012	2011
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**3,158,159**	3,090,215
Effect of dilution – weighted average number of ordinary shares:		
Share options	**2,466**	68,172
	3,160,625	3,158,387

9. Dividend

On 26 March 2012, the board of directors proposed a final dividend of HK3.5 cents per share for the year ended 31 December 2011 payable to the shareholders whose names appear on the register of members of the Company at the close of business on 5 July 2012. The proposed dividend was approved by the shareholders at the annual general meeting on 19 June 2012. Based on the 3,158,513,000 shares as at 5 July 2012, the final dividend payable amounted to HK$110,548,000 (equivalent to US$14,248,000) (before tax).

On 28 August 2012, the board of directors resolved to pay an interim dividend of HK1 cent per share for the six months ended 30 June 2012 (six months ended 30 June 2011: HK2.5 cents). It's expected that the interim dividend payable will amount to HK$31,585,000 (equivalent to approximately US$4,071,000) (before tax) based on the 3,158,513,000 issued shares as at 30 June 2012.

10. Property, Plant and Equipment

During the six months ended 30 June 2012, the Group acquired assets with a cost of US$17,850,000 (six months ended 30 June 2011: US$26,705,000). Assets with a net book value of US$124,000 were disposed of by the Group during the six months ended 30 June 2012 (six months ended 30 June 2011: US$315,000), resulting in a net loss on disposal of US$104,000 (six months ended 30 June 2011: US$105,000).

As a consequence of the Jiangshan city landscaping plan, the Group was required to relocate its production centre in Jiangshan City to Jiangshan Economic Development Zone (the "Relocation"). The Group entered into relocation and compensation agreements with the local government in September 2009, pursuant to which the local government agreed to pay the Group a total amount of RMB123 million (equivalent to US$19.5 million) to compensate the Group for the Relocation. Out of the total agreed compensation, RMB103 million (equivalent to US$16.3 million) has been received. This compensation was calculated based on a local independent land and property valuation report and the local policies of Jiangshan City. As at 30 June 2012, part of the production facilities has been relocated to the Jiangshan Economic Development Zone. Upon completion of the Relocation, the existing land use rights and buildings in the original site of the Group's production centre in Jiangshan City shall be returned to the local government. At 30 June 2012, the carrying amounts of the relevant land use rights and buildings were US$2,244,000 (31 December 2011: US$2,352,000) and US$8,774,000 (31 December 2011: US$9,371,000), respectively.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

11. Prepaid Land Lease Payments

	2012 US$'000 (Unaudited)	2011 US$'000 (Audited)
Carrying amount at 1 January	**11,322**	11,536
Addition	**–**	531
Recognised during the period/year	**(210)**	(427)
Reclassification	**–**	(937)
Exchange realignment	**(46)**	619
Carrying amount at end of 30 June/31 December	**11,066**	11,322

The leasehold lands are situated in Mainland China, and are held under long terms ranging from 43 to 50 years.

As mentioned in note 10 to the financial statements above, the land use rights with a carrying amount of US$2,244,000 as at 30 June 2012 shall be returned to the local government of Jiangshan City upon completion of the Relocation.

12. Non-current Assets Classified as Held for Sale

In 2011, the board of directors resolved to dissolve Zhangpu Phoebus and on 19 December 2011, resolved to sell the land and buildings of Zhangpu Phoebus. Zhangpu Phoebus produced energy-saving lamps and shared the same customer base with Sunny and Jiangshan Phoebus. The Group decided to cease the operations of Zhangpu Phoebus and transfer its business to Sunny and Jiangshan Phoebus in the Zhejiang production centre. As at 30 June 2012, negotiations for the sale of the land and buildings were still in progress and the land and buildings of Zhangpu Phoebus with carrying amounts set out below were classified as non-current assets held for sale.

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Non-current assets		
Property, plant and equipment	**1,881**	1,868
Prepaid land lease payments	**933**	937
	2,814	2,805

The non-current assets belong to the lamp segment. The fair values of the non-current assets held for sale have been tested for impairment at 31 December 2011.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

13. Goodwill

	2012 US$'000 (Unaudited)	2011 US$'000 (Audited)
Cost and net carrying amount at 1 January	**34,849**	34,121
Exchange realignment	**(337)**	728
Cost and net carrying amount at end of 30 June/31 December	**34,512**	34,849

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill is based on value in use calculation that uses a discounted cash flow projection. The key assumptions used to determine the recoverable amount for the different cash generating units were discussed in the annual financial statements for the year ended 31 December 2011.

14. Other Intangible Assets

Additions of other intangible assets during the six months ended 30 June 2012 mainly represented the cost of acquiring computer software amounting to US$130,000.

The useful lives of trademarks with a net carrying amount of US$42,688,000 as at 30 June 2012 (31 December 2011: US$42,851,000) are determined by senior management to be indefinite as the trademarks are renewable at insignificant cost at the option of the Group. The trademarks are tested for impairment annually at 31 December.

15. Deferred Tax

The Group has tax losses arising in the PRC and the UK with an aggregate cumulative amount of US$10,136,000 as at 30 June 2012 (31 December 2011: US$2,031,000). The tax losses arising in the PRC were generated by Zhangpu Phoebus and Huizhou NVC. Tax losses of Zhangpu Phoebus are not available for offsetting against future taxable profit as the Group has decided to cease the operations of the subsidiary. The tax losses arising in the UK are available indefinitely for offsetting against future taxable profits of the company in which the losses arose. Huizhou NVC also has tax losses arising in Mainland China that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have been recognised for tax losses arising in both Huizhou NVC and UK NVC as it is considered probable that taxable profits will be available against which tax losses of Huizhou NVC and UK NVC can be utilised.

The PRC New Corporate Income Tax Law, which became effective on 1 January 2008, states that the distribution of dividend by a foreign-invested enterprise established in Mainland China to its foreign investors, from earnings generated in 2008 or thereafter, shall be subject to withholding EIT at a rate of 10%.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

15. Deferred Tax *(continued)*

At 30 June 2012, there were no recognised deferred tax liabilities (31 December 2011: Nil) for taxes that would be payable on the undistributed earnings of the Group's subsidiaries located in Mainland China, as the Group estimated that the undistributed profit of its subsidiaries located in Mainland China earned from 1 January 2008 to 30 June 2012 will not be distributed in the foreseeable future. The cumulative temporary difference for which a deferred tax liability has not been recognised amounted to US$225,204,000 as at 30 June 2012 (31 December 2011: US$210,074,000), and the maximum potential cumulative tax impact as at 30 June 2012 was US$22,333,000 (31 December 2011: US$20,846,000), should the Company's subsidiaries located in Mainland China distribute all earnings generated after 31 December 2007 to the foreign investors.

There are no income tax consequences attaching to the payment of dividend by the Company to its shareholders.

16. Inventories

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Raw materials	**38,627**	43,146
Work in progress	**4,631**	3,543
Finished goods	**79,989**	64,852
	123,247	111,541

The write down of inventories for the six months ended 30 June 2012 amounted to US$2,120,000 (six months ended 30 June 2011: US$123,000), which was recorded in cost of sales.

17. Trade and Bills Receivables

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Trade receivables	**121,666**	119,162
Impairment	**(4,601)**	(2,595)
Trade receivables, net	**117,065**	116,567
Bills receivable	**16,239**	23,869

17. Trade and Bills Receivables *(continued)*

Trade receivables of the Group represented proceeds receivable from sale of goods. The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit periods generally range from 60 to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control management system to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing and not pledged.

An ageing analysis of the trade receivables of the Group as at the end of the reporting period, based on the transaction date and net of provision, is as follows:

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Within 3 months	**85,498**	98,281
Between 4 and 6 months	**13,699**	11,721
Between 7 and 12 months	**14,270**	6,011
Between 1 and 2 years	**3,381**	399
Over 2 years	**217**	155
	117,065	116,567

The movements in provision for impairment of trade receivables are as follow:

	2012 US$'000 (Unaudited)	2011 US$'000 (Audited)
At 1 January	**2,595**	2,181
Impairment losses recognised	**2,020**	775
Written off	**–**	(440)
Exchange realignment	**(14)**	79
At 30 June/31 December	**4,601**	2,595

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

17. Trade and Bills Receivables *(continued)*

The maturity profile of the bills receivable of the Group as at the end of the reporting period is as follows:

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Within 6 months	**16,239**	23,869

18. Prepayments, Deposits and Other Receivables

	Notes	**30 June 2012 US$'000 (Unaudited)**	31 December 2011 US$'000 (Audited)
Non-current assets:			
Prepayments for purchase of property, plant and equipment		**3,151**	4,596
Current assets:			
Prepayments	*(a)*	**16,186**	16,309
Impairment	*(a)*	**(4,042)**	–
		12,144	16,309
Deposits and other receivables	*(b)*	**16,652**	14,998
Impairment	*(b)*	**(3,818)**	(20)
		12,834	14,978
		24,978	31,287

18. Prepayments, Deposits and Other Receivables *(continued)*

(a) Prepayments

Amount represented prepayments for raw materials. Included in the balance are US$4,897,000 million which bore an interest rate of 1% per month.

The breakdown of prepayments is as follows:

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Prepayments to third parties	**10,508**	9,200
Amounts due from an entity over which the Company indirectly has significant influence through its associate	**1,221**	2,520
Amounts due from entities controlled by Mr. Wu Jiannong, a director of Zhejiang NVC and the substantial shareholder of Signkey Group Limited ("Signkey"), a substantial shareholder of the Company	**415**	–
Amounts due from an entity over which a close family member of Mr. Wu Changjiang, a substantial shareholder of the Company, has significant influence	**4,042**	4,589
Impairment	**(4,042)**	–
Prepayments, net	**12,144**	16,309

The impairment related to an amount due from an entity over which a close family member of Mr. Wu Changjiang, a substantial shareholder of the Company, has significant influence.

As at 30 June 2012, the fair value of prepayments approximates to their carrying amounts largely due to the short term maturities.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

18. Prepayments, Deposits and Other Receivables *(continued)*

(b) Deposits and other receivables

The breakdown of deposits and other receivables is as follows:

	Notes	**30 June 2012 US$'000 (Unaudited)**	31 December 2011 US$'000 (Audited)
Deposits and receivables from third parties	*(i)*	**8,872**	4,918
Amounts due from Mr. Wu Changjiang		**7**	318
Amounts due from other related parties	*(ii)*	**7,773**	9,762
Impairment	*(iii)*	**(3,818)**	(20)
Deposits and other receivables, net		**12,834**	14,978

Notes:

(i) Except for the bank interest receivable of US$1,402,000, which is repayable on maturity of related time deposits with original maturity of one to twelve months (31 December 2011: US$963,000), the deposits and receivables from third parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

(ii) The amounts due from other related parties (note 28) consist of the following:

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Entities over which a close family member of Mr. Wu Changjiang, a substantial shareholder of the Company, has significant influence	**7,772**	9,761
Other	**1**	1
	7,773	9,762

The amounts due from entities over which a close family member of Mr. Wu Changjiang has significant influence represented trademark licence fees and distribution commission receivable by the Group. The credit terms granted to these related companies range from 10 to 70 days. The balances are unsecured and non-interest-bearing.

(iii) The individually impaired other receivables mainly related to amounts due from entities over which a close family member of Mr. Wu Changjiang, a substantial shareholder of the Company, has significant influence, and only a portion of the receivables is expected to be recovered.

18. Prepayments, Deposits and Other Receivables *(continued)*

(b) Deposits and other receivables *(continued)*

An ageing analysis of the deposits and other receivables of the Group as at the end of the reporting period, based on the transaction date and net of provisions, is as follows:

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Within 1 year	**10,599**	14,429
Between 1 and 2 years	**1,741**	493
Over 2 years	**494**	56
	12,834	14,978

As at 30 June 2012, the fair value of prepayments, deposits and other receivables approximate to their carrying amounts largely due to the short term maturities.

19. Cash and Short-term Deposits

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Cash and bank balances	**130,304**	124,746
Time deposits:		
Non-pledged time deposits	**81,556**	75,212
Pledged time deposits	**452**	742
	212,312	200,700
Less:		
Non-pledged time deposits with original maturity of more than three months when acquired	**(57,918)**	(75,212)
Pledged time deposits	**(452)**	(742)
	(58,370)	(75,954)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**153,942**	124,746

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

19. Cash and Short-term Deposits *(continued)*

At the end of the reporting period, the cash and bank balances of the Group were denominated in RMB, HK$, GBP and US$. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Pledged deposits were made to banks to secure the issuance of letters of credit or as guarantee for product quality as well as fulfilling contractual obligations at the requests of customers.

Time deposits were made for varying periods of between two and twelve months depending on the immediate cash requirements of the Group, and earned interest at the respective short-term deposit rates. Cash at banks and pledged deposits earned interest at floating rates based on the daily bank deposit rate. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

As at 30 June 2012, the fair value of cash and short-term deposits approximates to their carrying amounts largely due to the short term maturities.

20. Trade Payables

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Trade payables to third parties	**71,121**	58,468
Trade payables to related parties	**4,310**	2,755
	75,431	61,223

Trade payables to related parties (defined in note 28) include the following:

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Entities controlled by Mr. Wu Jiannong, a director of Zhejiang NVC and the substantial shareholder of Signkey, a substantial shareholder of the Company	**3,076**	1,805
An entity over which the Company indirectly has significant influence through its associate	**623**	820
Entities over which a close family member of Mr. Wu Changjiang, a substantial shareholder of the Company, has significant influence	**611**	130
	4,310	2,755

Trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

20. Trade Payables *(continued)*

An ageing analysis of the trade payables of the Group, based on the transaction date, as at the end of the reporting period is as follows:

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Within 3 months	**72,494**	58,934
Between 4 and 6 months	**859**	1,738
Between 7 and 12 months	**1,639**	85
Between 1 and 2 years	**55**	104
Over 2 years	**384**	362
	75,431	61,223

As at 30 June 2012, the fair value of trade payables approximates to their carrying amounts largely due to the short term maturities.

21. Other Payables and Accruals

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Other payables to third parties	**23,951**	26,556
Dividend payable	**14,248**	537
Advances from customers	**2,031**	3,122
Accruals	**2,325**	5,109
Amounts due to related parties	**294**	190
	42,849	35,514

21. Other Payables and Accruals *(continued)*

The amounts due to related parties (defined in note 28) are as follows:

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Entities controlled by Mr. Wu Jiannong, a director of Zhejiang NVC and the substantial shareholder of Signkey, a substantial shareholder of the Company	**292**	149
Others	**2**	41
	294	190

Other payables of the Group as at 30 June 2012 are non-interest-bearing and have no fixed terms of repayment.

As at 30 June 2012, the fair value of other payables and accruals approximates to their carrying amounts largely due to the short term maturities.

22. Interest-bearing Loans and Borrowings

	30 June 2012			31 December 2011		
	Contractual interest rate (%)	**Maturity**	**US$'000**	Contractual interest rate (%)	Maturity	US$'000
Current						
Bank loans – unsecured [1]	**4.300-6.710**	**August-September 2012**	**9,486**	4.525-7.015	April 2012	6,261
Bank overdraft- unsecured [2]	**Base*+2.30**	**April 2013**	**1,256**	Base*+2.10	April 2012	233
Total			**10,742**			6,494

1 The bank loans included RMB-denominated loans of RMB15,000,000 at an interest rate of 4.300% per annum, RMB25,000,000 at an interest rate of 6.710% per annum and RMB20,000,000 at an interest rate of 6.588% per annum.

2 The bank overdraft represents a GBP-denominated overdraft facility with a limit of GBP2,200,000. The Group has utilised GBP809,000 as at 30 June 2012 (31 December 2011: GBP151,000).

As at 30 June 2012, the fair value of interest-bearing loans approximates to their carrying amounts largely due to the short term maturities.

* Base means Bank of England base rate.

23. Government Grants

	2012 US$'000 (Unaudited)	2011 US$'000 (Audited)
At 1 January	**20,908**	16,320
Received during the period/year	**3,109**	6,903
Released to the income statement	**(1,912)**	(3,232)
Exchange realignment	**(83)**	917
At 30 June/31 December	**22,022**	20,908
Non-current	**22,022**	20,908

Various government subsidies have been granted to the Group's PRC subsidiaries as compensation for plant relocation, incentives for export sales, technology research and development, and as financial support for the establishment of energy-saving lamp tube production lines.

Included in the balance at 30 June 2012 was an amount of US$16,098,000 (31 December 2011: US$16,244,000) representing the government grant as compensation for the relocation of the Group's production centre in Jiangshan City (note 10). The government grant will be recorded in the income statement to match all relocation costs and the carrying amount of the existing land and buildings of the Group's production centre in Jiangshan City which shall be returned to the local government upon completion of the Relocation.

The remaining balance at 30 June 2012 mainly represented government grants for development of light-emitting diode ("LED") products and other energy-saving lamp production lines. The government grants are credited to the income statement over the estimated useful lives of the associated production lines.

There are no unfulfilled conditions or contingencies attached to these grants except that certain land and buildings in the Group's production centre are required to be transferred to the government upon the completion of the Relocation as detailed in note 10 to the financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

24. Issued Capital

	30 June 2012 (Unaudited)			31 December 2011 (Audited)		
	Number of shares	Par value of each share (US$)	US$	Number of shares	Par value of each share (US$)	US$
Authorised:						
Ordinary shares	500,000,000,000	0.0000001	50,000	500,000,000,000	0.0000001	50,000
Issued and fully paid:						
Ordinary shares	3,158,513,000	0.0000001	315.85	3,158,013,000	0.0000001	315.80

Movements in the Company's issued capital and share premium during the six months ended 30 June 2012 are as follows:

	Note	Number of shares in issue	Issued capital US$	Share premium US$'000	Total US$'000
At 1 January 2012		3,158,013,000	315.80	297,435	297,435
Share options exercised	*(a)*	500,000	0.05	157	157
Adjustment to 2011 final dividend declared		–	–	(27)	(27)
At 30 June 2012		3,158,513,000	315.85	297,565	297,565

(a) The subscription rights attaching to 500,000 share options were exercised at the weighted average price of HK$2.1 (equivalent to US$0.2698) per share (note 25), resulting in the issue of 500,000 shares of US$0.0000001 each for a total cash consideration, after expenses, of US$147,000 (before tax). An amount of US$22,000 was transferred from the employee equity benefit reserve to the share premium account upon the exercise of the share options.

25. Pre-IPO Share Option Scheme

The Company operates a Pre-IPO share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Group's key employees, directors, consultants and strategic suppliers (collectively as "Participants"). The Scheme became effective on 15 October 2006 and was amended on 23 December 2009 and 24 March 2010. The Scheme shall be valid and effective for the period of time commencing on 15 October 2006 and expiring on the day immediately upon the commencement of the dealings in the ordinary shares on the Hong Kong Stock Exchange, but the provisions of this Scheme shall in all other respects remain in full force and effect and options under this Scheme during its life may continue to be exercisable in accordance with this Scheme and their terms of issue.

There has been no cancellation or modification to the Scheme during the six months ended 30 June 2012.

The movements in share options granted by the Company pursuant to the Scheme are as follows:

	2012 (Unaudited)			2011 (Audited)		
	Number of options	**Weighted average exercise price per share HK$**	**Weighted average exercise price per share US$ equivalent**	Number of options	Weighted average exercise price per share HK$	Weighted average exercise price per share US$ equivalent
At 1 January	**45,270,000**	**2.10**	**0.2698**	139,870,000	1.01	0.1295
Exercised during the period/year	**(500,000)**	**2.10**	**0.2698**	(93,800,000)	0.47	0.0606
Lapsed during the period/year	**(1,458,000)**	**2.10**	**0.2698**	(800,000)	2.10	0.2698
At 30 June/31 December	**43,312,000**	**2.10**	**0.2698**	45,270,000	2.10	0.2698

For the six months ended 30 June 2012, 1,458,000 share options lapsed due to the resignation of three employees.

The weighted average share prices at the dates of exercise for share options exercised during the six months ended 30 June 2012 was HK$2.81 per share.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

25. Pre-IPO Share Option Scheme *(continued)*

A summary of the exercise prices and vesting periods of the share options granted by the Company as well as outstanding as at the end of the reporting period is as follows:

30 June 2012			31 December 2011			
Number of options	**Exercise price per share**		Number of options	Exercise price per share		**Vesting periods**
	HK$	**US$ equivalent**		HK$	US$ equivalent	*(Notes)*
32,137,000	**2.10**	**0.2698**	32,670,000	2.10	0.2698	*(a)*
8,175,000	**2.10**	**0.2698**	9,600,000	2.10	0.2698	*(b)*
3,000,000	**2.10**	**0.2698**	3,000,000	2.10	0.2698	*(c)*
43,312,000			45,270,000			

Notes:

The vesting periods of share options of each grant are listed below:

(a) The options shall vest immediately starting from the third year after the date of grant.

(b) The options shall vest at the rate of 20% per year starting from the second year after the date of grant, subject to proportional vesting on a quarterly basis.

(c) The options shall vest at the rate of 20% per year starting from the third year after the employee signed the service contracts, subject to proportional vesting on a quarterly basis.

25. Pre-IPO Share Option Scheme *(continued)*

The weighted average remaining contractual life for the share options outstanding as at 30 June 2012 was 3.06 years (31 December 2011: 3.5 years).

The number and weighted average exercise price of exercisable share options as at the end of the reporting period are as follows:

30 June 2012 (Unaudited)		31 December 2011 (Audited)	
Number of share options	**Weighted average exercise price US$ per share**	Number of share options	Weighted average exercise price US$ per share
34,912,000	**0.2698**	400,000	0.2698

The 500,000 share options exercised during the six months ended 30 June 2012 resulted in the issue of 500,000 ordinary shares of the Company and new share capital of US$0.05 and share premium of US$135,210 (after issue expenses), as further detailed in note 24 to the financial statements.

The fair value of the share options granted by the Company has been recognised in the income statement over the vesting periods and the total amount recognised as a share option expense for the six months ended 30 June 2012 totalled US$143,000 (six months ended 30 June 2011: US$413,000).

There is no cash settlement alternative. The Company has not developed a past practice of cash settlement.

As at 30 June 2012, the Company had 43,312,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 43,312,000 additional ordinary shares of the Company and additional share capital of US$4.33 and share premium of US$11,686,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 43,312,000 share options outstanding under the Scheme, which represented approximately 1.37% of the Company's shares in issue as at that date.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

26. Pledge of Assets

Except for the pledged deposits mentioned in note 19 to the financial statements, no assets of the Group were pledged as at 30 June 2012 (31 December 2011: Nil).

27. Commitments and Contingencies

(a) Operating lease commitments – Group as lessee

The Group has entered into commercial leases on exhibition venues and properties, with lease terms ranging from one to five years. There are no restrictions placed on the Group by entering into these leases.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows:

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Within one year	**1,890**	1,404
After one year but not more than five years	**2,903**	2,210
More than five years	**–**	231
	4,793	3,845

(b) Operating lease commitments – Group as lessor

As lessor, the Group leases its plant and offices under operating lease arrangements with lease terms ranging from one to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

27. Commitments and Contingencies *(continued)*

(b) Operating lease commitments – Group as lessor *(continued)*

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Within one year	**279**	341
After one year but not more than five years	**273**	131
	552	472

(c) Capital commitments

In addition to the operating lease commitments detailed in (a) and (b) above, the Group had the following capital commitments as at the end of the reporting period:

	30 June 2012 US$'000 (Unaudited)	31 December 2011 US$'000 (Audited)
Contracted, but not provided for:		
Acquisition of property, plant and equipment	**6,355**	8,646
Authorised, but not contracted for:		
Acquisition of property, plant and equipment	**4,795**	22,407
Acquisition of intangible assets other than goodwill	**9**	10
Capital contributions to a joint venture	**–**	3,888
	4,804	26,305
	11,159	34,951

(d) Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2012 (31 December 2011: Nil).

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

28. Related Party Transactions

(a) None of the shareholders is the controlling entity of the Company.

(b) Major related parties with which the Group had transactions during the six months ended 30 June 2012 and six months ended 30 June 2011 are listed below:

Associate
Mianyang Leici Electronic Technology Co., Ltd.

Entities controlled by Mr. Wu Jiannong, a director of Zhejiang NVC and the substantial shareholder of Signkey, a substantial shareholder of the Company.
Jiangshan Youhe Machinery Co., Ltd.
Jiangshan World Bright Crystal Co., Ltd.
Hangzhou Tongren Software Co., Ltd
Quzhou Aushite Illumination Co., Ltd.

An entity jointly controlled by Mr. Wu Jiannong and a third party
Jiangshan Liming Transportation Co., Ltd.

Entities over which a close family member of Mr. Wu Changjiang, a substantial shareholder of the Company, has significant influence
Zhongshan Sheng Di Ai Si Lighting Co., Ltd.
Chongqing Enlin Electronics Co., Ltd.
Shandong NVC Lighting Development Co., Ltd.
Huizhou NVC Lighting Environment Engineering Co., Ltd.
Chongqing En Wei Xi Industrial Development Co., Ltd.
Huizhou Huichengqu Changxin Hardware Machining Plant Co., Ltd.

An entity over which the Group indirectly has significant influence through its associate
Chongqing Chidian Technology Co., Ltd.

An entity owned by a key management personnel of the Group
Huizhou Zhongda Technology Co., Ltd.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

28. Related Party Transactions *(continued)*

(c) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the six months ended 30 June 2012:

		Six months ended 30 June	
		2012	2011
	Notes	**US$'000**	US$'000
		(Unaudited)	(Audited)
Entities controlled by Mr. Wu Jiannong, a director of Zhejiang NVC and the substantial shareholder of Signkey, a substantial shareholder of the Company:			
Purchases of raw materials and finished goods	*(i)*	**6,930**	3,534
Maintenance fee	*(i)*	**–**	1,160
Purchases of machinery	*(i)*	**301**	117
An entity jointly controlled by Mr. Wu Jiannong and a third party:			
Transportation expense	*(i)*	**–**	630
Entities over which a close family member of Mr. Wu Changjiang, a substantial shareholder of the Company, has significant influence:			
Purchases of raw materials and finished goods	*(i)*	**3,034**	3,381
Distribution commission income	*(ii)*	**1,019**	3,356
Trademark licence fee income	*(iii)*	**1,103**	1,571
Sale of finished goods and other materials	*(i)*	**22**	404
Rental income	*(i)*	**–**	11
Interest income	*(i)*	**235**	–
An entity over which the Group indirectly has significant influence through its associate:			
Purchases of raw materials and finished goods	*(i)*	**2,710**	5,362
An entity owned by a key management personnel of the Group			
Purchases of raw materials and finished goods	*(i)*	**–**	579

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

28. Related Party Transactions *(continued)*

(c) *(continued)*

Notes:

(i) The transactions were made at prices mutually agreed by both parties.

(ii) Distribution commission income arose from the usage of the Group's distribution network by related parties, charged at the mutually agreed rates of 6% to 8% of the related parties' sales. Since 1 April 2012, the related parties ceased to use the Group's distribution network and no such charges were subsequently made.

(iii) Licence fee income arose from licensing the "NVC" brand to related parties, and charged at 3% of the related parties' sales. The royalty rate was mutually agreed by both parties.

In the opinion of the board of directors, the related party transactions were conducted on normal commercial terms and in the ordinary course of the Group's business.

(d) Outstanding balances with related parties:

The detailed terms regarding the outstanding balances with related parties as at the end of the period are set out in notes 18, 20 and 21 to the financial statements.

(e) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2012	2011
	US$'000	US$'000
	(Unaudited)	(Audited)
Short-term employee benefits	**880**	1,349
Equity-settled share option expenses	**76**	302
	956	1,651

29. Events after the Reporting Period

For a period of about two weeks ended on 28 July 2012, 36 of the Company's tier-one distributors suspended placing orders with the Company. Since 28 July 2012, all the 36 distributors resumed placing orders with the Company. The aggregate revenue generated from the 36 distributors was approximately US$380.2 million in 2011, representing approximately 64.5% of the total revenue of the Group. The Company does not consider that the suspension of orders from these 36 distributors will have any material impact on the Group's business operations and financial condition for the current financial year.

In August 2012, the Company received letters from 25 suppliers, which indicated that they will no longer supply raw materials to the two plants of the Company, located in Wanzhou, Chongqing and Huizhou, Guangdong (the "Plants"). Management considered, if the situation is not resolved, this will have a material impact on the Group's business operations and financial condition. However, the Company is currently considering its options including the possibility of finding alternative suppliers. Up to the date of approval of the interim condensed consolidated financial statements, the Plants continued to be operating, although there have been some disruptions in operations.

30. Approval of the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2012.

Definitions

In this report, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"China" or "PRC"	the People's Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires, references in this report to "China" and the "PRC" do not apply to Taiwan, the Macau Special Administrative Region and the Hong Kong Special Administrative Region.
"Chongqing Lighting"	NVC Lighting (Chongqing) Co., Ltd* (重慶雷士實業有限公司), a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 7 November 2011 and our indirect wholly-owned subsidiary.
"Chongqing NVC"	Chongqing NVC Lighting Co., Ltd.* (重慶雷士照明有限公司), a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 1 December 2006 and our direct wholly-owned subsidiary.
"Code"	the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.
"Company" or "our Company"	NVC Lighting Holding Limited (雷士照明控股有限公司), a company incorporated in the BVI on 2 March 2006 and subsequently redomiciled to the Cayman Islands on 30 March 2011 as an exempted company with limited liability under the laws of the Cayman Islands.
"corresponding period"	means six months ended 30 June 2011 or six months ended 30 June 2012 (as the context may require).
"Director(s)"	the director(s) of the Company.
"Energy-saving lighting products"	CALI (the China Association of Lighting Industry) defines energy-saving lighting products in China as typically consisting of compact fluorescent lamps, fluorescent lamps and supporting lighting fixtures, LED lamps, HID lamps and electronic ballasts. CALI's standard is based on the "Interim Measures on Funding Management of Fiscal Subsidies for Promotion of High-Efficiency Products" as well as the SA (the Standardisation Administration of the PRC) standards, which is in line with the CQC (the China Quality Certification Centre) List.
"GBP"	Pound sterling, the lawful currency of the United Kingdom.
"Group"	our Company and its subsidiaries.
"HID"	High intensity discharge.

Definitions

"Huizhou NVC"	NVC Lighting Technology Co., Ltd.* (惠州雷士光電科技有限公司), a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 29 April 2006 and our direct wholly owned subsidiary.
"Jiangshan Phoebus"	Jiangshan Phoebus Lighting Electron Co., Ltd.* (江山菲普斯照明有限公司), a limited liability company incorporated in the PRC on 8 March 2006 and our indirect wholly-owned subsidiary.
"LED"	Light-emitting diode.
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.
"Mianyang Leici"	Mianyang Leici Electronic Technology Co., Ltd.* (綿陽雷磁電子科技有限公司), a limited liability company incorporated in the PRC, 35% of its equity interest being held by Huizhou NVC and its remaining equity interest being held by China Electronics Technology Group Corporation No. 9 Academy* (中國電子科技集團第九研究所) (as to 36%), Wen Jiatao (文家濤) (as to 15%) and Zhao Qiyi (趙七一) (as to 14%).
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.
"ODM"	original design manufacturing, a type of manufacturing under which the manufacturer is responsible for the design and production of the products and the products are marketed and sold under the customer's brand name.
"OEM"	original equipment manufacturing whereby products are manufactured in accordance with the customer design and specification and are marketed under the customer's brand name.
"Professional Engineering Customers"	Professional engineering customers mainly represent professional engineering projects in connection with railways, highways, airports, subways, tunnels, bridges, municipal lighting, energy efficiency remodification and reconstruction and construction of urban infrastructure.
"Period under Review"	the six months ended 30 June 2012.
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Definitions

"Shanghai Arcata"	Shanghai Arcata Electronics Co., Ltd.* (上海阿卡得電子有限公司), a limited liability company incorporated in the PRC on 22 September 2005 and our indirect wholly-owned subsidiary.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"Sunny"	Zhejiang Jiangshan Sunny Electron Co., Ltd.* (浙江江山三友電子有限公司), a limited liability company incorporated in the PRC on 2 July 1994 and our indirect wholly-owned subsidiary.
"UK NVC"	NVC Lighting Limited (formerly known as NVC (Manufacturing) Limited), a private company incorporated in England and Wales on 31 May 2007, and our direct wholly-owned subsidiary.
"US$" or "US Dollar"	United States dollars, the lawful currency of the United States.
"we", "us" or "our"	our Company or our Group (as the context may require).
"World Through"	World Through Investments Limited (世通投資有限公司), a limited liability company incorporated in the BVI on 5 August 2005 and our wholly-owned subsidiary.
"Zhangpu Phoebus"	Zhangpu Phoebus Lighting Co., Ltd.* (漳浦菲普斯照明有限公司), a limited liability company incorporated in the PRC on 9 May 2004 and our indirect wholly-owned subsidiary.
"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, a 51% equity interest of which is held by Huizhou NVC and the remaining 49% equity interest of which is held by Zhejiang Tonking Investment Co., Ltd.

* *Denotes English translation of the name of a Chinese company or entity, or vice versa, and is provided for identification purposes only.*

雷士照明

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