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 2013

Diving World Series

EXPERT in lighting environment

Contents

Corporate Information

Executive Directors	WU Changjiang MU Yu WANG Dongming
Non-executive Directors	LIN Ho-Ping ZHU Hai WANG Donglei
Independent Non-executive Directors	WANG Jinsui LEE Kong Wai, Conway WU Ling
Joint Company Secretaries	LO Yee Har, Susan KAM Mei Ha, Wendy
Authorized Representatives	LO Yee Har, Susan LIN Ho-Ping[1]
Registered Office	Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands
Headquarter	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[2]
Corporate Website	www.nvc-lighting.com.cn
Investor Relations	E-mail: ir@nvc-lighting.com

1 Mr. LIN Ho-Ping has resigned as authorized representative of the Company and Mr. WANG Dongming has been appointed as an authorized representative of the Company to replace Mr. LIN Ho-Ping with effect from 28 August 2013.

2 The principal place of business of the Company in Hong Kong has been relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 3 September 2013.

Principal Share Registrar and Transfer Office	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 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 Advisor as to Hong Kong Laws	Freshfields Bruckhaus Deringer
Auditor	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	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Revenue	**1,688,520**	1,613,917
Gross profit	**353,989**	364,584
Profit before tax	**127,196**	75,608
Profit for the period *(Note 1)*	**97,666**	60,077
Profit for the period attributable to		
Owners of the parent	**81,234**	42,252
Non-controlling interest	**16,432**	17,825
Earnings per share attributable to ordinary equity holders of the parent		
Basic	**2.60 cents**	1.34 cents
Diluted	**2.60 cents**	1.34 cents

Note 1: Profit for the period represents profit before netting off profit for the period attributable to non-controlling interest.

	30 June	31 December
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current assets	**1,291,571**	1,295,332
Current assets	**3,300,783**	3,238,957
Current liabilities	**851,342**	839,699
Net current assets	**2,449,441**	2,399,258
Total assets less current liabilities	**3,741,012**	3,694,590
Non-current liabilities	**110,072**	111,857
Total equity	**3,630,940**	3,582,733
Attributable to:		
Owners of the parent	**3,543,476**	3,511,701
Non-controlling interest	**87,464**	71,032

Market Review

During the first half of 2013, the U.S. economy recovered gradually, driven by the continuous growth in the property market and private consumption. However, the recession of European economy exacerbated, and the domestic demand of emerging market economies, such as China and Brazil, decreased and experienced slower growth. According to the "World Economic Outlook" published by International Monetary Fund ("IMF") in July 2013, the global economic growth rate for 2013 is expected to reduce to 3.1% and the growth rate for 2014 is expected to be 3.8%, both of which are 0.25% lower than the relevant data released in April 2013.

According to the latest information published by National Bureau of Statistics of China, the growth rates of China's GDP during the first half, first quarter and second quarter of 2013 were 7.6%, 7.7% and 7.5%, respectively. The growth rates continued to decline as a result of slower growth in exports and reduced investment.

Business Review

During the Period under Review, driven by the increasing popularity of LED lighting products, maturity of LED technology and the continuous decrease in price, domestic LED lighting market and the Group's LED business grew rapidly. By increasing production capacity as well as research and development capability on LED luminaire products, building the brand image of NVC's LED products, and maintaining and expanding our domestic and overseas sales channels, the Group made great efforts to grasp opportunities arising from the development of LED business. The revenue from our LED products sales currently rises to 16.7% of our total revenue. In addition, we have developed a large LED production scale and diversified LED product lines. With the implementation of "Energy-saving Plan on Semiconductor Lighting Industry" and the strong government support for LED products, the Group will be able to seize favourable opportunities of the industry and strengthen our leading position in the market. However, it was inevitable that the business of traditional lighting products was adversely affected and the sales of those products reduced at different degrees. As one aspect waned, the other waxed; the Group recorded only a slight growth in sales. For LED luminaire products, we are still striving for a larger market share and in the process of allocating production capacity, so that their profitability was relatively low during the period. Gross profit of the Group therefore experienced a slight drop during the Period under Review due to the change of product mix.

Sales and distribution

With respect to NVC brand sales in the PRC market, during the Period under Review, the Group had 37 exclusive regional distributors, one more compared with the Corresponding Period. As at 30 June 2013, distributors of the Group had opened a total of 3,201 outlets nationwide (in 31 provincial capitals with a 100.00% coverage rate; in 278 municipal cities with a 97.89% coverage rate; in 1,284 counties or county-level cities with a 64.95% coverage rate; in 679 towns and townships with a 1.99% coverage rate). During the Period under Review, the Group established our official online flagship shop, our sales volume gradually increased, and we actively explored the EMC model. Meanwhile, the Group managed to retain existing Professional Engineering Customers and chain stores customers that can bring repeat sales, while continuously developed the third and fourth tier markets. During the Period under Review, the substitution effect of LED lights on traditional lights became more obvious, with a sharp growth in LED market demand. Leveraging the Group's sales network and brand reputation, total sales of the Group's LED products amounted to RMB281,292,000, representing an increase of 233.9% compared with the Corresponding Period.

Regarding non-NVC brand sales in the PRC market, the Group mainly provided energy-saving lamp tubes, accessories and other products to energy-saving lamp enterprises. During the Period under Review, product selling prices decreased along with the decline in phosphor prices, and market demand was impacted by LED lighting products, resulting in declines in both revenue and gross profit.

Regarding NVC brand sales in the international market, the Group continues to carry out the development strategy of focusing on promoting the sales of NVC brand products supplemented by the production of famous brand products on an ODM/OEM basis, gradually increasing the sales percentage of NVC brand products in overseas markets. The Group establishes the sales channels by sending management staff abroad. During the Period under Review, the Group focused on market developing in France, Romania, Portugal and Mongolia with six new stores opened by local distributors. Apart from actively expanding in emerging markets, the Group continued to strengthen its position in existing markets, such as Saudi Arabia, Qatar, United Arab Emirates, Brazil, New Zealand and Vietnam. The Group improved its control over sales channel and its ability to capture the market trends.

For non-NVC brand sales in the international market, the Group mainly provided energy-saving lamp, energy-saving tubes and accessories products to internationally renowned lighting enterprises on an ODM basis. During the Period under Review, the Group continued to strengthen its long-term cooperative relationship with overseas customers. The growth in demand from large customers steadily drove up revenue for the sector.

Production capability

The Group currently has five production bases, located in Huizhou City in Guangdong Province, Wanzhou District in Chongqing, Jiangshan City in Zhejiang Province (two sites) and Qingpu District in Shanghai. The breakdown of the production capacity of each production base during the Period under Review 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)	30,000,000	28,500,000	139,641,500	62,400,000	5,940,000
Actual production (units)	18,026,894	18,340,106	63,584,263	53,798,765	5,269,021
Average utilisation rate	60.1%	64.4%	45.5%	86.2%	88.7%
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.

Product research and development and design

The Group has two independent research and development centres. One of them is in Chongqing (focusing on research and development and design for luminaire products), and the other is in Shanghai (focusing on research and development of energy-saving technology for lamps and lighting electronic products).

During the Period under Review, the Group invested a total of RMB24,195,000 in research and development projects, representing 1.4% of the Group's revenue. The Group continued to enhance its research and development capability of LED products and was devoted to building a highly competent research and development team. During the Period under Review, the Group developed a total of 14 new series of products, including QR111 lamp, grid spot light, lamp tray, light belt and power source. During the Period under Review, 53 new patent applications were filed, and 16 new patents were approved and granted. Most of them were LED products related patents.

As at 30 June 2013, the Group had a workforce of 283 in design and research and development, of which 106 worked in the Chongqing Research and Development Centre, 59 worked in the Shanghai Research and Development Centre, and the rest worked in other production bases.

Brand promotion

The Group always endeavours to develop "NVC Lighting" as an international lighting brand. The Group has been focusing on brand building and recognition enhancement. During the Period under Review, the Group continued to conduct its brand promotion by launching a series of activities including advertising, media coverage, public relation activities, community charity, marketing and participation in famous domestic and overseas sports events. For instance, In March 2013, we sponsored the "2013 (Tenth Session) Annual Development Forum for China Commercial Property Industry" so as to enhance our sales channel expansion in commercial property chain. In May 2013, we participated in the 16th China Chongqing International Investment and Global Sourcing Fair, during which our new LED products became the highlight of the fair. In May 2013, our local distributors opened our first NVC flagship shop in United Arab Emirates and Mongolia. In June 2013, NVC Lighting's advertisement appeared in the international friendship football match between China and the Netherlands. The NVC Lighting brand also received widespread recognition and achieved several breakthroughs in the LED field. For example, the Group was awarded "2013 Most Influential Brand in China LED Industry" by Guangdong Semiconductor Lighting Industry Joint Innovation Center and Guangdong Semiconductor Lamp Industry Association. NVC Lighting was named among "Top 500 Most Valuable Brand in China" with a brand value of RMB8.216 billion, ranking the first place in the lighting industry consecutively. We also ranked the first place in "Top 500 First Choice Lighting Brands in China Property Industry" for four consecutive years. All these not only strengthened our position in the traditional lighting field, but also enhanced our brand image in the LED field.

Prospects

As China continues to promote energy conservation and emission reduction by putting LED lighting products into the promotional subsidy list, local governments have responded positively by strongly supporting the LED industry. In addition, energy-saving and eco-friendly LED lighting products enjoyed a narrowing price gap with traditional lighting products, which in turn promotes a rapid growth in the market demand for LED lighting, and led to rapid consumption of the production capacity of midstream packaging and upstream epitaxial wafers and chips. According to a market forecast, the LED lighting market in China will reach RMB32.4 billion by 2013 with an annual growth of 36%.

Consolidate domestic markets and exploit potential within cities and towns

Attracted by the prospects of the giant lighting market in China, enterprises at home and overseas line up to fight for their market share amid fierce competition. Leveraging our national marketing network and our edge on brands, we managed to achieve rapid growth in our LED lighting products. At present, we have 37 exclusive regional distributors and 3,201 exclusive outlets opened by distributors covering 2,272 cities. All the first and second tier markets are nearly covered while the coverage rate in the third and fourth tier markets is rising. We will continue to optimise traditional channels, expand the brand customer base and offer better service for our different customer groups in the future.

As urbanisation accelerates, new opportunities arise for LED enterprises. With the strong brand influence, a professional service management team and an extensive sales network, we will keep on exploiting the potential within the third and fourth tier markets which are nearly untapped, making great effort to offer services in villages and towns, and conducting terminal sales promotion as a breakthrough, in order to increase our market share in the future.

Accelerate expansion in overseas markets and establish global sales network

For NVC brand overseas markets, we will continue to establish branch companies and develop distributors and exclusive outlets opened by them. We will enhance our brand influence by exerting greater product influence and raise the status of the NVC brand in the international market through growing export sales. We will refer to the United Kingdom (the "UK") experience and accelerate our expansion with strict risk and cost control measures in overseas markets. Our distributors plan to open 8 exclusive outlets in Brazil, Saudi Arabia, Vietnam, Indonesia and Russia in the second half of the year. We also will focus on the Indian and Brazilian markets, and are considering establishing overseas branch companies and offering a regional exclusive distribution right instead of a national exclusive right. In addition, we plan to establish bonded logistics warehouses in the Middle East to shorten the delivery time in the Middle East and increase the sales in various countries of the Middle East.

Regarding non-NVC brand overseas market we are also on track to expand our ODM/OEM business. We provide services to famous multinational enterprises and build long term partnerships with them in order to gain economies of scale and capture the developing trend of product technology at the same time.

Follow a strategy of sports-related marketing, strengthen research and development of technology and build a world brand

Since our establishment, we continue to step up efforts in brand-building and research and development of technology according to our business philosophy "To become a world brand and the best player in the industry". We follow a strategy of sports-related marketing on a constant basis and establish a respectable world-class lighting brand. In addition, we participate in various sports events at home and overseas to enhance the worldwide popularity and influence of the NVC brand. In July, we signed a contract to become a naming partner of Federation Internationale de Natation (FINA) from 2014 to 2017. The NVC brand will be introduced to the world through such top level sports events.

In addition, we also continue to strengthen our research and development of technology capability. During the Period under Review, our research and development costs amounted to RMB24,195,000, and we have launched new LED products and constantly improved product quality, establishing good reputation across the industry. In the future, we will continue to satisfy clients' more extensive needs with a professional and dedicated spirit. An LED series product mix will also be completed this year and form a one-stop solution for LED lighting, with a view to bring about a lighting environment of beauty, comfort, safety and energy saving.

As the new LED era approaches, with our various strengths such as our own brand, channels and technology, we will increase the investment in research and development in respect of the LED industry. Leveraging cooperation with Elec-Tech International Co., Ltd. (廣東德豪潤達電氣股份有限公司), we will continue to enhance our leading position in the industry by resources integration, and smooth restructuring.

Financial Review

Revenue

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts. During the Period under Review, the Group recorded revenue of RMB1,688,520,000, representing an increase of 4.6% compared with the Corresponding Period. In particular, revenue of NVC brand products in the PRC market increased by 3.5% compared with the Corresponding Period, attributable to the popularisation of LED concept and an increase in consumer demand which boosted the sales of LED products. On the other hand, revenue of NVC brand products in the overseas markets decreased by 0.1% compared with the Corresponding Period, due to the weak demand resulting from slowdown in growth rate of emerging markets and developing countries and export competitive strength decrease resulting from continuous appreciation of RMB.

Revenue by product segments

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

	Six months ended 30 June		
	2013	2012	
	RMB'000	RMB'000	Growth rate
		(Restated)	
Luminaire products	**902,695**	797,069	13.3%
Lamp products	**653,828**	687,433	-4.9%
Lighting electronic products	**131,997**	129,415	2.0%
Total	**1,688,520**	1,613,917	4.6%

During the Period under Review, the sales of luminaire products increased by 13.3%, primarily attributable to rapid growth of the sales of LED products. The sales of lamp products decreased by 4.9%, primarily due to the sales of traditional incandescent lamps being affected by LED products and the price decline of fluorescent lamp products. The sales of lighting electronic products increased by 2.0%, mainly due to the increase in combined sales with luminaire products and steady growth of demand from major clients.

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		
	2013	2012	
	RMB'000	RMB'000	Growth rate
		(Restated)	
NVC brand			
Luminaire products	**856,858**	746,870	14.7%
Lamp products	**169,286**	232,191	-27.1%
Lighting electronic products	**39,131**	55,107	-29.0%
Subtotal	**1,065,275**	1,034,168	3.0%
Non-NVC brand			
Luminaire products	**45,837**	50,199	-8.7%
Lamp products	**484,542**	455,242	6.4%
Lighting electronic products	**92,866**	74,308	25.0%
Subtotal	**623,245**	579,749	7.5%
Total	**1,688,520**	1,613,917	4.6%

Revenue by geographical location

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

	Six months ended 30 June		
	2013	2012	
	RMB'000	RMB'000	Growth rate
		(Restated)	
Revenue from PRC sales			
Luminaire products	**723,905**	619,930	16.8%
Lamp products	**352,891**	419,675	-15.9%
Lighting electronic products	**47,247**	59,366	-20.4%
Subtotal	**1,124,043**	1,098,971	2.3%
Revenue from international sales			
Luminaire products	**178,790**	177,139	0.9%
Lamp products	**300,937**	267,758	12.4%
Lighting electronic products	**84,750**	70,049	21.0%
Subtotal	**564,477**	514,946	9.6%
Total	**1,688,520**	1,613,917	4.6%

During the Period under Review, revenue from PRC sales increased by 2.3%, of which the revenue from NVC brand products increased by 3.5% and that of non-NVC brand products decreased by 2.9%. Revenue from international sales increased by 9.6%, of which the revenue from NVC brand products decreased by 0.1% and that of non-NVC brand products increased by 13.7%.

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		
	2013	2012	
	RMB'000	RMB'000	Growth rate
		(Restated)	
Energy-saving products	**1,228,066**	1,053,515	16.6%
Non-energy-saving products	**460,454**	560,402	-17.8%
Total	**1,688,520**	1,613,917	4.6%

Cost of sales

Cost of sales mainly consists of the cost of raw materials, outsourced manufacturing costs, direct and indirect labour costs and indirect costs. Major raw materials of the Group include iron, aluminium and alloys, fluorescent powder, glass tubes, electronics components and LED packaged chips. Outsourced manufacturing costs primarily include the cost of purchased semi-finished products and finished products produced by other manufacturers and used in the production of our products. Indirect 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			
	2013		2012	
	RMB'000	**Percentage in income (%)**	RMB'000	Percentage in income (%)
			(Restated)	
Raw materials	**986,222**	**58.3%**	832,256	51.6%
Outsourced manufacturing costs	**100,920**	**6.0%**	147,381	9.1%
Labour costs	**155,034**	**9.2%**	161,393	10.0%
Indirect costs	**92,355**	**5.5%**	108,303	6.7%
Total	**1,334,531**	**79.0%**	1,249,333	77.4%

During the Period under Review, the Group's cost of sales increased by 6.8%. The Group's cost of sales as a percentage in income increased from 77.4% to 79.0%, resulting in a decrease in gross profit margin from 22.6% to 21.0%, mainly due to the price decline in fluorescent lamp products and the changes in product structure.

Gross profit and gross profit margin

Gross profit is the net value calculated as revenue less cost of sales.

During the Period under Review, gross profit was RMB353,989,000, representing a decrease of 2.9% as compared to RMB364,584,000 for the Corresponding Period, primarily reflecting the changes in product structure and the increase in cost. 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 electronic products):

	Six months ended 30 June			
	2013		2012	
	RMB'000	**(%)**	RMB'000 *(Restated)*	(%)
Luminaire products	**214,663**	**23.8%**	192,520	24.2%
Lamp products	**116,239**	**17.8%**	150,772	21.9%
Lighting electronic products	**23,087**	**17.5%**	21,292	16.5%
Total	**353,989**	**21.0%**	364,584	22.6%

During the Period under Review, gross profit of luminaire products was RMB214,663,000, representing an increase of 11.5% compared with the Corresponding Period. Gross profit margin for luminaire products decreased by 0.4% to 23.8%, primarily due to the increase in sales percentage of LED products which currently had a lower gross profit margin. Gross profit of lamp products was RMB116,239,000, representing a decrease of 22.9% compared with the Corresponding Period. Gross profit margin of lamp products decreased by 4.1% to 17.8% compared with the Corresponding Period, primarily due to the price decline in fluorescent lamp products with the impact of LED products and an increase in costs resulting from the low capacity utilisation rate. Gross profit of lighting electronic products was RMB23,087,000, representing an increase of 8.4% compared with the Corresponding Period. Gross profit margin of lighting electronic products increased by 1.0% to 17.5%, primarily attributable to the improved product production technology and increased production efficiency.

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

	Six months ended 30 June			
	2013		2012	
	RMB'000	**(%)**	RMB'000 *(Restated)*	(%)
NVC brand	**251,500**	**23.6%**	255,170	24.7%
Non-NVC brand	**102,489**	**16.4%**	109,414	18.9%
Total	**353,989**	**21.0%**	364,584	22.6%

During the Period under Review, gross profit of NVC brand products was RMB251,500,000, representing a decrease of 1.4% compared with the Corresponding Period, and gross profit margin decreased by 1.1% compared with the Corresponding Period. Gross profit of non-NVC brand products was RMB102,489,000, representing a decrease of 6.3% compared with the Corresponding Period, and gross profit margin decreased by 2.5% compared with the Corresponding Period.

(iii) The table below shows the gross profit and gross profit margin by PRC sales and international sales:

	Six months ended 30 June			
	2013		2012	
	RMB'000	**(%)**	RMB'000 *(Restated)*	(%)
Gross profit from PRC sales:				
Luminaire products	**171,762**	**23.7%**	146,342	23.6%
Lamp products	**58,544**	**16.6%**	89,372	21.3%
Lighting electronic products	**9,384**	**19.9%**	11,772	19.8%
Subtotal	**239,690**	**21.3%**	247,486	22.5%
Gross profit from international sales:				
Luminaire products	**42,901**	**24.0%**	46,178	26.1%
Lamp products	**57,695**	**19.2%**	61,400	22.9%
Lighting electronic products	**13,703**	**16.2%**	9,520	13.6%
Subtotal	**114,299**	**20.2%**	117,098	22.7%
Total	**353,989**	**21.0%**	364,584	22.6%

During the Period under Review, gross profit from PRC sales was RMB239,690,000, representing a decrease of 3.2% as compared with the Corresponding Period, of which gross profit of NVC brand products was RMB214,908,000, representing a decrease of 0.1% as compared with the Corresponding Period, and gross profit of non-NVC brand products was RMB24,782,000, representing a decrease of 23.6% as compared with the Corresponding Period.

During the Period under Review, gross profit from international sales was RMB114,299,000, representing a decrease of 2.4% as compared with the Corresponding Period, of which gross profit of NVC brand products was RMB36,592,000, representing a decrease of 8.8% as compared with the Corresponding Period, and gross profit of non-NVC brand products was RMB77,707,000, representing an increase of 1.0% 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			
	2013		2012	
	RMB'000	**(%)**	RMB'000	(%)
			(Restated)	
Energy-saving products	**255,466**	**20.8%**	235,514	22.4%
Compact fluorescent lamps (CFL)	**78,633**	**19.2%**	98,964	22.9%
Light tubes for CFL	**12,145**	**8.0%**	21,732	13.1%
T4/T5 battens	**86,776**	**35.7%**	70,989	30.8%
Electronic ballasts	**15,470**	**15.2%**	9,795	11.5%
HID lamps	**6,465**	**59.8%**	10,132	57.0%
Fluorescent lamps	**6,290**	**22.3%**	9,023	24.5%
LED products	**49,687**	**17.7%**	14,879	17.7%
Non-energy-saving products	**98,523**	**21.4%**	129,070	23.0%
Total gross profit	**353,989**	**21.0%**	364,584	22.6%

During the Period under Review, the Group's gross profit margin of energy-saving products decreased by 1.6% to 20.8% as compared with the Corresponding Period, which was mainly attributable to the decline of the selling price resulting from the changes in market demand for compact fluorescent lamps and light tubes for CFL as well as the changes in structures.

Other income and gains

Our other income and gains mainly consist of trademark licence fees, rental income, gain on sales of scrap materials, government grants and interest income (the breakdown of other income and gains is provided in note 5 to the interim condensed consolidated financial statements on page 53 of this report). We received various types of government grants as tax subsidies and incentives for research and development activities and expansion of production for energy-saving lamp products. Government grants are provided by relevant authorities at their discretion, and may not be recurring in nature. We licensed our trademark to a limited number of lighting product manufacturers in the PRC and received one to three percent of the licensees' annual turnover as trademark licence fees. During the Period under Review, other income and gains were RMB43,751,000, representing an increase of 5.8% as compared with the Corresponding Period.

Selling and distribution costs

Our 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, our selling and distribution costs were RMB120,715,000, representing an increase of 11.6% as compared with the Corresponding Period, which was mainly attributable to a rise in labour costs. Selling and distribution costs as a percentage of revenue rose from 6.7% to 7.1%.

Administrative expenses

Our 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, 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, our administrative expenses were RMB130,064,000, representing a decrease of 38.3% as compared with the Corresponding Period, of which bad debt provision was approximately RMB6,343,000, while bad debt provision of approximately RMB62,332,000 was provided for certain receivables and prepayments in the Corresponding Period. The majority of the related amount was received in the second half of 2012 and the Period under Review. Administrative expenses accounting for the percentage of revenue decreased to 7.7% from 13.1%.

Other expenses

Our other expenses mainly consist of exchange loss, loss on sale of items of property, plant and equipment, donations and other miscellaneous items.

Finance costs

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

Share of (loss)/profit of an associate

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

Income tax expense

During the Period under Review, the Group's income tax expense was RMB29,530,000, representing an increase of 90.1% as compared with the Corresponding Period, which was mainly attributable to deferred tax adjustment resulting from changes in tax rate.

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

Our net profit for the period (including profit attributable to non-controlling interest) amounted to RMB97,666,000 during the Period under Review due to the factors mentioned above.

Exchange differences on translation of foreign operations

During the Period under Review, exchange differences on translation of foreign operations amounted to RMB11,678,000. This loss was primarily derived from the translation of the financial statements of the Company and the overseas subsidiaries which are denominated in foreign currencies.

Profit attributable to owners of the parent for the period

Profit attributable to owners of the parent was RMB81,234,000 during the Period under Review due to the factors mentioned above.

Profit attributable to non-controlling interest for the period

During the Period under Review, profit attributable to non-controlling interest was RMB16,432,000.

Cash Flow and Liquidity

Cash flows

The Group met its working capital and other capital requirements principally with the following: (i) cash generated from our operations, and (ii) short-term bank loans. The table below sets out selected cash flow data from our consolidated statement of cash flows.

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Net cash flows from operating activities	**108,440**	167,600
Net cash flows (used in)/from investing activities	**(174,195)**	16,624
Net cash flows used in financing activities	**(51,630)**	(8,710)
Net (decrease)/increase in cash and cash equivalents	**(117,385)**	175,514
Cash and cash equivalents at beginning of period	**1,200,357**	784,543
Effect of foreign exchange rate changes, net	**(12,650)**	6,251
Cash and cash equivalents as stated in the statement of cash flows	**1,070,322**	966,308
Bank overdraft	**10,489**	7,943
Cash and cash equivalents as stated in the statement of financial position	**1,080,811**	974,251

Net cash flows from 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 RMB108,440,000, while our operating cash inflows before changes in working capital amounted to RMB191,951,000. The changes in working capital included: (i) a decrease of RMB113,541,000 in inventories; (ii) an increase of RMB231,366,000 in trade and bills receivables, prepayments, deposits and other receivables; (iii) income tax paid amounted to RMB35,081,000; (iv) an increase of RMB48,971,000 in trade payables, other payables and accruals; (v) a decrease of RMB4,476,000 in other current assets; and (vi) receipt of government grants of RMB15,948,000.

Net cash flows (used in)/from 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 used in investing activities amounted to RMB174,195,000, which were mainly used for purchases of items of property, plant and equipment and intangible assets other than goodwill and an increase in time deposits with original maturity of more than three months since acquired, totalling RMB182,769,000, which were partly offset by interest income of RMB8,216,000 and the proceeds of RMB358,000 from disposal of property, plant and equipment and intangible assets other than goodwill.

Net cash flows used in financing activities

Our cash flows from financing activities come from proceeds from new bank loans. Our cash flows used in financing activities consist of payments of bank loan principal and interest.

During the Period under Review, our net cash inflows used in financing activities amounted to RMB51,630,000. Our cash inflows were from the proceeds of RMB30,000,000 from new bank loans. Such cash outflows included RMB81,630,000 for the payment of principal and interest of bank loans.

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 2013 RMB'000	31 December 2012 RMB'000
CURRENT ASSETS		
Inventories	**567,429**	698,400
Trade and bills receivables	**1,064,420**	818,890
Prepayments, deposits and other receivables	**69,052**	94,005
Other current assets	**11,603**	16,079
Short-term deposits	**489,862**	379,233
Cash and cash equivalents	**1,080,811**	1,214,744
	3,283,177	3,221,351
Non-current assets classified as held for sale	**17,606**	17,606
Total current assets	**3,300,783**	3,238,957
CURRENT LIABILITIES		
Trade payables	**527,305**	431,606
Other payables and accruals	**262,897**	282,523
Interest-bearing loans and borrowings	**40,489**	94,387
Government grants	**6,429**	6,208
Income tax payable	**14,222**	24,975
Total current liabilities	**851,342**	839,699
NET CURRENT ASSETS	**2,449,441**	2,399,258

As at 30 June 2013 and 31 December 2012, total net current assets of the Group amounted to RMB2,449,441,000 and RMB2,399,258,000, respectively, and the current ratios were 3.88 and 3.86, respectively. In light of our current liquidity position, the unutilised banking facilities available to the Group 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 2013 RMB'000	31 December 2012 RMB'000
Interest-bearing loans and borrowings	**40,489**	94,387
Total debt	**40,489**	94,387
Less: cash and short-term deposits	**(1,570,673)**	(1,593,977)
Net debt	**N/A**	N/A
Total equity attributable to owners of the parent	**3,543,476**	3,511,701
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 and borrowings, 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 2013, 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 85.4 days, while it was 106.5 days during the Corresponding Period.

More details about the inventories are provided in note 17 to the interim condensed consolidated financial statements on page 62 of this report.

Trade and bills 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 30 to 180 days. 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 2013, 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 102.7 days, while it was 98.8 days during the Corresponding Period.

More details about the trade and bills receivables are provided in note 18 to the interim condensed consolidated financial statements on page 62 to page 64 of this report.

Trade payables

During the six months ended 30 June 2013, turnover of average trade payables (in days) (average trade payables equal trade payables at the beginning of the period plus trade payables at the end of the period, divided by two. Turnover of average trade payables (in days) equals average trade payables divided by cost of sales and then multiplied by 180) was 64.7 days, while it was 62.0 days during the Corresponding Period.

More details about the trade payables are provided in note 22 to the interim condensed consolidated financial statements on page 69 to page 70 of this report.

Interest-bearing loans and borrowings

As at 30 June 2013, our total current interest-bearing loans and borrowings amounted to RMB40,489,000 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 2013 included (1) RMB-denominated loans of RMB30,000,000 at an interest rate of 5.488% per annum, which will mature on 16 October 2013; (2) a GBP-denominated overdraft facility with a limit of GBP2,200,000 (equivalent to approximately RMB22,354,000) at an interest rate of Bank of England Base Rate plus 2.30% per annum, which will be terminated on demand. We had utilised GBP1,113,000 (equivalent to approximately RMB10,489,000) as at 30 June 2013.

More details about the interest-bearing loans and borrowings are provided in note 24 to the interim condensed consolidated financial statements on page 71 of this report.

Capital expenditure

We financed our capital expenditure from cash generated from operations and bank loans. Our capital expenditure primarily relates to expenditure on property, plant and equipment, prepaid land lease payments and intangible assets other than goodwill. During the Period under Review, our capital expenditure amounted to RMB76,289,000, mainly including (i) RMB42,080,000 invested in plant and machinery, mainly used for investment in Huizhou LED production equipment, non production equipment and moulds; and (ii) RMB25,787,000 invested in buildings, mainly used in construction of Huizhou NVC phase-5 plant and the new Sunny industrial park office building complex.

Pledge of Assets

As at 30 June 2013, the Group had pledged time deposits of RMB9,950,000 to secure the issuance of letters of credit or as guarantee for 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 2013, the Group had no material contingent liabilities.

Capital Commitments

The details to capital commitments are provided in note 30 to the interim condensed consolidated financial statements on page 77 of this report.

Continuing Connected Transactions

The continuing connected transactions of the Group for the Period under Review were within the annual caps as disclosed in the announcements dated 19 December 2012 and 11 June 2013, respectively.

Merger and Acquisition

The Group made no acquisition, merger or sale of subsidiaries and associates during the Period under Review.

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 Investment

During the Period under Review, 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 Period under Review.

Employees

On 30 June 2013, the Group had approximately 10,070 employees (31 December 2012: 9,767). During the Period under Review, the relevant employee salary and benefit expense was RMB252,229,000 (including share option expense of RMB245,000), while our employee salary and benefit expense was RMB247,280,000 (including share option expense of RMB899,000) for the Corresponding Period. 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 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 2012, we entered into several one-year insurance contracts with China Export & Credit Insurance Corporation, which covered up to 85% uncollectible receivables from PRC sales and 90% uncollectible receivables from overseas sales during the period from 1 December 2012 to 30 November 2013, subject to a maximum compensation amount of RMB25,200,000 for PRC sales and a maximum compensation amount of US$30,000,000 (equivalent to approximately RMB185,361,000) 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.

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

As at 30 June 2013, so far as the Directors and chief executive are aware, the following shareholders (other than Directors or chief executives 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
Elec-Tech International (H.K.) Company Limited	Beneficial owner	Ordinary shares	633,301,000 (L) *(Note 1)*	20.24%
Elec-Tech International Co., Ltd.	Interest of a controlled corporation	Ordinary shares	633,301,000 (L) *(Note 2)*	20.24%
SB Asia Investment Fund II L.P.	Beneficial owner	Ordinary shares	578,711,000 (L)	18.50%
NVC Inc.	Beneficial owner	Ordinary shares	240,208,992 (L)	7.68%
	Beneficial owner	Ordinary shares	239,789,000 (S) *(Note3)*	7.66%
Schneider Electric Asia Pacific Limited	Beneficial owner	Ordinary shares	288,371,000 (L)	9.22%
Schneider Electric Industries SAS	Interest of a controlled corporation	Ordinary shares	288,371,000 (L) *(Note 4)*	9.22%
Schneider Electric SA	Interest of a controlled corporation	Ordinary shares	288,371,000 (L) *(Note 4)*	9.22%
GS Direct, L.L.C.	Beneficial owner	Ordinary shares	177,351,000 (L)	5.67%
The Goldman Sachs Group, Inc.	Interest of a controlled corporation	Ordinary shares	188,985,757 (L) *(Note 5)*	6.04%

Notes:

1. (L) represents long position.

2. These shares are held by Elec-Tech International (H.K.) Company Limited. As Elec-Tech International (H.K.) Company Limited is a wholly-owned subsidiary of Elec-Tech International Co., Ltd., Elec-Tech International Co., Ltd. is deemed to be interested in all these shares.

3. (S) represents short position.

4. 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.

5. These shares are held by GS Direct, L.L.C. (177,351,000 shares), Goldman Sachs (Asia) Finance (7,966,000 shares), Goldman Sachs International (3,396,000 shares), Goldman Sachs Asset Management, L.P. (272,000 shares) and Goldman, Sachs & Co. (757 shares), respectively. 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 2013, so far as the Directors are aware, no other person (except the Directors and chief executives) 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.

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

As at 30 June 2013, 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
WU Changjiang *(Note 1)*	Beneficial owner	Share options *(Note 2)*	30,476,000 (L) *(Note 3)*	0.97%
	Beneficial owner	Ordinary shares	53,608,000 (L)	1.71%
	Interest of a controlled corporation	Ordinary shares	240,208,992 (L) *(Note 4)*	7.68%
	Interest of a controlled corporation	Ordinary shares	239,789,000 (S) *(Note 4)/(Note 5)*	7.66%
MU Yu	Beneficial owner	Share options *(Note 2)*	97,000 (L)	0.0031%
	Beneficial owner	Ordinary shares	1,250,000 (L)	0.04%
LIN Ho-Ping	Beneficial owner	Share options *(Note 2)*	532,000 (L)	0.02%
	Beneficial owner	Ordinary shares	22,274,000 (L)	0.71%

Notes:

1. Mr. WU Changjiang has been re-appointed as the chief executive officer of the Company with effect from 11 January 2013 and has been re-appointed as an Executive Director of the Company with effect from 21 June 2013.

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 all these shares.

5. (S) represents short position.

b. Long positions in shares of our associated corporations

As at 30 June 2013, none of the Directors or chief executives 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.

Controlling Shareholders

During the Period under Review, 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 RMB1.00. 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.

During the Period under Review, no option has been granted under the Share Option Scheme.

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.

As at 30 June 2013, details of outstanding options granted under the Pre-IPO Share Option Scheme are as follows:

Name of the grantee	Class of shares	Relationship with the Group	Number of shares outstanding as at 1 January 2013	Number of shares outstanding as at 30 June 2013	Exercise price (HK$ per share)	Date of grant	Expiry date	Percentage of the number of shares outstanding as at 30 June 2013 to the total shares issued
WU Changjiang *(Note 1)*	Share options	Director	30,476,000	30,476,000	2.1	24 March 2010	24 March 2015	0.97%
MU Yu	Share options	Director	97,000	97,000	2.1	24 March 2010	24 March 2016	0.0031%
LIN Ho-Ping	Share options	Director	532,000	532,000	2.1	24 March 2010	24 March 2015	0.017%
YAN Andrew Y *(Note 2)*	Share options	Director	532,000	532,000	2.1	24 March 2010	24 March 2015	0.017%
Others (including senior management)	Share options	Employees and others	7,150,000	7,000,000	2.1	24 March 2010	24 March 2016	0.22%
			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			41,787,000	41,637,000				1.33%

Notes:

1. Mr. WU Changjiang has been re-appointed as the chief executive officer of the Company with effect from 11 January 2013 and has been re-appointed as an Executive Director of the Company with effect from 21 June 2013.

2. Mr. YAN Andrew Y resigned as Non-executive Director of the Company with effect from 3 April 2013.

For further details about the Share Option Scheme, please refer to note 27 to the interim condensed consolidated financial statements on page 74 to page 75 of this report and the prospectus of the Company dated 7 May 2010.

During the Period under Review, out of the share options granted under the Pre-IPO Share Option Scheme, none of the share options was exercised.

During the Period under Review, out of the share options granted under the Pre-IPO Share Option Scheme, 150,000 share options were lapsed due to the resignation of the employees. Details of the lapsed share options are as follows:

Number of share options lapsed	Exercise price	Date of grant	Expiry date
150,000	HK$2.1	24 March 2010	24 March 2016

During the Period under Review, out of the share options granted under the Pre-IPO Share Option Scheme, none of the share options were cancelled.

Corporate Governance

The Directors are of the opinion that, during the Period under Review, the Company had complied with the principles and codes provisions set out in the Code, except for Code Provision A.5.1 which requires that the Nomination Committee should be chaired by the chairman of the Board or an independent non-executive director and the majority of its members should be independent non-executive directors. Mr. YUNG Tse Kwong, Steven retired as an Independent Non-executive Director of the Company on 21 June 2013. Therefore, he ceased to be the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee. His retirement resulted in the Company's non-compliance with Code Provision A.5.1 and Rule 3.21 of the Listing Rules. On 30 July 2013, the Board has re-appointed the members of the Board Committees to comply with Code Provision A.5.1 and Rule 3.21 of the Listing Rules. Save as disclosed above, the Company had fully complied with the principles and code provisions set out in the Code.

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.

Audit Committee

The Company established an audit committee in compliance with the Listing Rules with written terms of reference. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. During the Period under Review, Mr. YUNG Tse Kwong, Steven retired as an Independent Non-executive Director with effect from 21 June 2013. As a result, he ceased to be a member of the Audit Committee. The Board re-appointed the members of the Audit Committee on 30 July 2013. Currently, the Audit Committee consists of 3 members, namely Independent Non-executive Director Mr. WANG Jinsui, Independent Non-executive Director Mr. LEE Kong Wai, Conway and Non-executive Director Mr. LIN Ho-Ping, respectively. Mr. LEE Kong Wai, Conway has been appointed as the chairman of the Audit Committee. The Audit Committee has reviewed and discussed the interim results for the six months ended 30 June 2013.

Remuneration Committee

The Company established a remuneration committee in compliance with the Listing Rules with written terms of reference. The primary duties of the Remuneration Committee are to establish and review the policy and structure of remuneration for the Directors and senior management. During the Period under Review, Mr. YAN Andrew Y and Mr. YUNG Tse Kwong, Steven resigned and retired as Non-executive Director and Independent Non-executive Director with effect from 3 April 2013 and 21 June 2013, respectively. As a result, they ceased to be members of the Remuneration Committee. The Board re-appointed the members of the Remuneration Committee on 30 July 2013. Currently, the Remuneration Committee consists of 5 members, namely Non-executive Director Mr. ZHU Hai, Independent Non-executive Director Mr. WANG Jinsui, Independent Non-executive Director Mr. LEE Kong Wai, Conway, Executive Director Mr. WU Changjiang and Independent Non-executive Director Ms. WU Ling, respectively. Mr. WANG Jinsui has been appointed as the chairman of the Remuneration Committee.

Nomination Committee

The Company established a nomination committee in compliance with the Code with written terms of reference. The primary duties of the Nomination Committee are to review the structure and composition of the Board, make recommendation to the Board on the appointment, re-appointment of Directors and succession planning for Directors and assess the independence of Independent Non-executive Directors. During the Period under Review, Mr. YUNG Tse Kwong, Steven retired as an Independent Non-executive Director with effect from 21 June 2013. As a result, he ceased to be the chairman of the Nomination Committee. The Board re-appointed the members of the Nomination Committee on 30 July 2013. Currently, the Nomination Committee consists of 3 members, namely Non-executive Director Mr. WANG Donglei, Independent Non-executive Director Mr. LEE Kong Wai, Conway and Independent Non-executive Director Ms. WU Ling, respectively. Mr. WANG Donglei has been appointed as the chairman of the Nomination Committee.

Strategy and Planning Committee

The Company established a strategy and planning committee under the Board on 30 July 2013, with its primary duties to propose and formulate the strategic development plan of the Company for Board's consideration. The Strategy and Planning Committee consists of 5 members, namely Non-executive Director Mr. WANG Donglei, Executive Director Mr. WU Changjiang, Independent Non-executive Director Ms. WU Ling, Independent Non-executive Director Mr. WANG Jinsui and Non-executive Director Mr. ZHU Hai, respectively. Mr. WANG Donglei has been appointed as the chairman of the Strategy and Planning Committee.

Appointment and Resignation of Directors and 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. WANG Donglei has been appointed as a Non-executive Director of the Company with effect from 11 January 2013.

Mr. YAN Andrew Y has resigned as the Chairman and Non-executive Director of the Company with effect from 3 April 2013.

Mr. WANG Donglei has been appointed as the Chairman of the Company with effect from 3 April 2013.

Mr. YUNG Tse Kwong, Steven has retired as an Independent Non-executive Director of the Company with effect from 21 June 2013.

Mr. WU Changjiang has been appointed as an Executive Director of the Company with effect from 21 June 2013.

Mr. WANG Dongming has been appointed as an Executive Director of the Company with effect from 21 June 2013.

Ms. WU Ling has been appointed as an Independent Non-executive Director of the Company with effect from 21 June 2013.

In addition, Mr. LEE Kong Wai, Conway, an Independent Non-executive Director of the Company, ceased to be the Independent Non-executive Director of China Taiping Insurance Holdings Company Limited (中國太平保險控股有限公司) (a company listed on the main board of the Hong Kong Stock Exchange) with effect from 27 August 2013.

Purchase, Sale or Redemption of Listed Securities

During the Period under Review, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

Dividend

On 28 August 2013, the Board has resolved to declare an interim dividend of HK1 cent per share for the six months ended 30 June 2013 (Corresponding Period: HK1 cent per share) to shareholders whose names appear on the register of members of the Company on 18 September 2013, Wednesday. Based on the 3,128,448,000 shares in issue as at 30 June 2013, it is expected that the interim dividend payable will amount to approximately HK$31,284,000 (equivalent to approximately RMB24,921,000) (before tax).

Closure of Register of Members

The Register of Members will be closed from 16 September 2013, Monday to 18 September 2013, Wednesday (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 13 September 2013, Friday.

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 2013 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 2013

Interim Condensed Consolidated Income Statement

Six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited) (Restated)
REVENUE	*5*	**1,688,520**	1,613,917
Cost of sales		**(1,334,531)**	(1,249,333)
Gross profit		**353,989**	364,584
Other income and gains	*5*	**43,751**	41,362
Selling and distribution costs		**(120,715)**	(108,156)
Administrative expenses		**(130,064)**	(210,841)
Other expenses		**(17,844)**	(9,397)
Finance costs	*7*	**(1,630)**	(2,386)
Share of (loss)/profit of an associate		**(291)**	442
PROFIT BEFORE TAX	*6*	**127,196**	75,608
Income tax expense	*8*	**(29,530)**	(15,531)
PROFIT FOR THE PERIOD		**97,666**	60,077
Attributable to:			
Owners of the parent		**81,234**	42,252
Non-controlling interest		**16,432**	17,825
		97,666	60,077
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	*9*	**2.60 cents**	1.34 cents
Diluted	*9*	**2.60 cents**	1.34 cents

Details of the dividend payable are disclosed in note 10 to the financial statements.

Interim Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
PROFIT FOR THE PERIOD	**97,666**	60,077
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**(11,678)**	15,674
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**85,988**	75,751
Attributable to:		
Owners of the parent	**69,556**	57,926
Non-controlling interest	**16,432**	17,825
	85,988	75,751

Interim Condensed Consolidated Statement of Financial Position

30 June 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**861,301**	842,756
Prepaid land lease payments	12	**51,498**	52,202
Goodwill	14	**21,161**	21,161
Other intangible assets	15	**302,126**	307,069
Investment in an associate		**6,071**	6,362
Deferred tax assets	16	**36,365**	42,451
Prepayments for purchase of property, plant and equipment	19	**13,049**	23,331
Total non-current assets		**1,291,571**	1,295,332
CURRENT ASSETS			
Inventories	17	**567,429**	698,400
Trade and bills receivables	18	**1,064,420**	818,890
Prepayments, deposits and other receivables	19	**69,052**	94,005
Other current assets	20	**11,603**	16,079
Short-term deposits	21	**489,862**	379,233
Cash and cash equivalents	21	**1,080,811**	1,214,744
		3,283,177	3,221,351
Non-current assets classified as held for sale	13	**17,606**	17,606
Total current assets		**3,300,783**	3,238,957
CURRENT LIABILITIES			
Trade payables	22	**527,305**	431,606
Other payables and accruals	23	**262,897**	282,523
Interest-bearing loans and borrowings	24	**40,489**	94,387
Government grants	25	**6,429**	6,208
Income tax payable		**14,222**	24,975
Total current liabilities		**851,342**	839,699
NET CURRENT ASSETS		**2,449,441**	2,399,258
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,741,012**	3,694,590

Continued/...

Interim Condensed Consolidated Statement of Financial Position

30 June 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Government grants	*25*	**14,718**	15,841
Deferred tax liabilities	*16*	**95,354**	96,016
Total non-current liabilities		**110,072**	111,857
Net assets		**3,630,940**	3,582,733
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*26*	**2**	2
Share premium	*26*	**1,961,149**	1,961,124
Shareholders' contribution		**6,416**	6,416
Statutory reserve		**90,178**	85,873
Employee equity benefit reserve		**14,853**	14,608
Foreign currency translation reserve		**(99,700)**	(88,022)
Retained earnings		**1,570,578**	1,493,649
Proposed final dividend		**–**	38,051
		3,543,476	3,511,701
Non-controlling interest		**87,464**	71,032
Total equity		**3,630,940**	3,582,733

WANG Donglei
Director

WU Changjiang
Director

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2013

	Attributable to owners of the parent										
	Issued capital *(note 26)*	Share premium *(note 26)*	Shareholders' contribution	Statutory reserve	Employee equity benefit reserve	Foreign currency translation reserve	Retained earnings	Proposed final dividend	Total	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013	2	1,961,124	6,416	85,873	14,608	(88,022)	1,493,649	38,051	3,511,701	71,032	3,582,733
Profit for the period	–	–	–	–	–	–	81,234	–	81,234	16,432	97,666
Other comprehensive income:											
Exchange differences on translation of foreign operations	–	–	–	–	–	(11,678)	–	–	(11,678)	–	(11,678)
Total comprehensive income for the period	–	–	–	–	–	(11,678)	81,234	–	69,556	16,432	85,988
Transfer to statutory reserve	–	–	–	4,305	–	–	(4,305)	–	–	–	–
Employee share option arrangements *(note 27)*	–	–	–	–	245	–	–	–	245	–	245
2012 final dividends declared	–	25	–	–	–	–	–	(38,051)	(38,026)	–	(38,026)
At 30 June 2013 (Unaudited)	2	1,961,149	6,416	90,178	14,853	(99,700)	1,570,578	–	3,543,476	87,464	3,630,940

Continued/...

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2013

	Attributable to owners of the parent										
	Issued capital RMB'000 *(Restated)*	Share premium RMB'000 *(Restated)*	Shareholders' contribution RMB'000 *(Restated)*	Statutory reserve RMB'000 *(Restated)*	Employee equity benefit reserve RMB'000 *(Restated)*	Foreign currency translation reserve RMB'000 *(Restated)*	Retained earnings RMB'000 *(Restated)*	Proposed final dividend RMB'000 *(Restated)*	Total RMB'000 *(Restated)*	Non-controlling interest RMB'000 *(Restated)*	Total equity RMB'000 *(Restated)*
At 1 January 2012	2	2,063,163	6,416	84,923	12,945	(86,890)	1,486,183	89,607	3,656,349	55,404	3,711,753
Profit for the period	–	–	–	–	–	–	42,252	–	42,252	17,825	60,077
Other comprehensive income:											
Exchange differences on translation of foreign operations	–	–	–	–	–	15,674	–	–	15,674	–	15,674
Total comprehensive income for the period	–	–	–	–	–	15,674	42,252	–	57,926	17,825	75,751
Exercise of share options	–	986	–	–	(137)	–	–	–	849	–	849
Employee share option arrangements	–	–	–	–	899	–	–	–	899	–	899
Dividend paid to a non-controlling shareholder	–	–	–	–	–	–	–	–	–	(24,500)	(24,500)
2011 final dividends declared	–	(173)	–	–	–	–	–	(89,607)	(89,780)	–	(89,780)
At 30 June 2012 (Unaudited)	2	2,063,976	6,416	84,923	13,707	(71,216)	1,528,435	–	3,626,243	48,729	3,674,972

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2013

	Notes	Six months ended 30 June **2013** **RMB'000** **(Unaudited)**	 2012 RMB'000 (Unaudited) *(Restated)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**127,196**	75,608
Adjustments for:			
Depreciation of items of property, plant and equipment	*6*	**52,332**	45,430
Amortisation of prepaid land lease payments	*6*	**698**	1,328
Amortisation of other intangible assets	*6*	**4,896**	13,705
Amortisation of long-term deferred expenditure	*6*	**–**	560
Loss on disposal of items of property, plant and equipment	*6*	**661**	654
Equity-settled share option expense	*6*	**245**	899
Finance income	*5*	**(11,389)**	(11,436)
Finance costs	*7*	**1,630**	2,386
Share of loss/(profit) of an associate		**291**	(442)
Government grants released to the income statement	*5*	**(16,850)**	(12,059)
Impairment of trade receivables, other receivables and prepayments	*6*	**6,343**	62,332
Write-down of inventories to net realisable value	*6*	**10,154**	13,370
Exchange losses, net	*6*	**15,744**	6,272
		191,951	198,607
(Increase)/decrease in trade and bills receivables		**(259,245)**	29,441
Decrease/(increase) in prepayments, deposits and other receivables		**27,879**	(16,873)
Decrease/(increase) in inventories		**113,541**	(89,786)
Decrease in other current assets		**4,476**	9,301
Increase in trade payables		**97,696**	91,239
Decrease in other payables and accruals		**(48,725)**	(40,472)
Income tax paid		**(35,081)**	(33,464)
Receipt of government grants		**15,948**	19,607
Net cash flows from operating activities		**108,440**	167,600

Continued/...

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited) (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		**210**	130
Purchases of items of property, plant and equipment		**(72,039)**	(101,335)
Additions to other intangible assets		**(101)**	(819)
Proceeds from sales of other intangible assets		**148**	2
Interest received		**8,216**	8,668
(Increase)/decrease in short-term deposits	*21*	**(110,629)**	109,978
Net cash flows (used in)/from investing activities		**(174,195)**	16,624
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**–**	(3,307)
New bank loans		**30,000**	69,900
Repayment of bank loans		**(80,000)**	(49,338)
Interest paid		**(1,630)**	(2,386)
Proceeds from exercise of share options		**–**	921
Dividend paid to a non-controlling shareholder		**–**	(24,500)
Net cash flows used in financing activities		**(51,630)**	(8,710)
Net (decrease)/increase in cash and cash equivalents		**(117,385)**	175,514
Cash and cash equivalents at beginning of period		**1,200,357**	784,543
Effect of foreign exchange rate changes, net		**(12,650)**	6,251
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,070,322**	966,308
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*21*	**897,311**	824,157
Non-pledged time deposits with original maturity of less than three months when acquired	*21*	**183,500**	150,094
Cash and cash equivalents as stated in the statement of financial position		**1,080,811**	974,251
Bank overdraft	*24*	**(10,489)**	(7,943)
Cash and cash equivalents as stated in the statement of cash flows		**1,070,322**	966,308

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's shares were listed on the Main Board of Stock Exchange of Hong Kong Limited.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the manufacture and sale of lamps, luminaires, lighting electronic products and related products.

The Company has subsidiaries in mainland China, Hong Kong and 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		Principal activities
			Direct	Indirect	
Huizhou NVC Lighting Technology Co., Ltd. ("Huizhou NVC")	PRC 29 April 2006/ Mainland China*	US$37,250,000 (equivalent to RMB266,499,070)	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 (equivalent to RMB30,401,455)	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	–	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	–	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 (equivalent to RMB48,976,780)	–	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 (equivalent to RMB21,168,664)	–	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 (equivalent to RMB67,144,295)	–	100%	Manufacture and sale of lamp transformers and other lighting electronic products

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 (equivalent to RMB4,039,527)	100%	–	Investment holding
NVC Lighting Limited ("UK NVC")	England and Wales 31 May 2007/ the UK	GBP2,000,000 (equivalent to RMB23,313,400)	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 RMB193,468)	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 2012/ Mainland China	HK$200,000,000 (equivalent to RMB159,972,000)	–	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 the PRC law and the registered capital was paid up in May 2013.

The interim condensed consolidated financial statements for the period ended 30 June 2013 are presented in Renminbi ("RMB"), which is different from the presentation currency of the condensed consolidated financial statements for the period ended 30 June 2012 of United States dollars ("US$"). These financial statements are presented in RMB because management considers that a substantial majority of the Group's transactions are denominated in RMB and the Group primarily generates and expends cash in RMB. Accordingly, the change of presentation currency from US$ to RMB presents reliable and more relevant information about the Group's transaction. The comparative amounts to these interim condensed consolidated financial statements have been adjusted to achieve comparability with the current period. The change of presentation currency and restatement of the comparative amounts from US$ to RMB had no material impact on the Group's interim condensed consolidated financial statements for the period presented.

2.1 Basis of Preparation

These interim condensed consolidated financial statements of the Group for the six months ended 30 June 2013 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 RMB and all values are rounded to the nearest thousand ('000) 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 2012, 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 2012.

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 – Government Loans*
• IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
• IFRS 10	*Consolidated Financial Statements*
• IFRS 11	*Joint Arrangements*
• IFRS 12	*Disclosure of Interests in Other Entities*
• IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 *– Transition Guidance*
• IFRS 13	*Fair Value Measurement*
• IAS 1 Amendments	Amendments to IAS 1 – *Presentation of Items of Other Comprehensive Income*
• IAS 19 Amendments	*Employee Benefits*
• IAS 27 (Revised)	*Separate Financial Statements*
• IAS 28 (Revised)	*Investments in Associates and Joint Ventures*
• IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
• Annual Improvements 2009-2011 Cycle	Amendments to a number of standards issued in May 2012

2.2 Impact of New and Revised IFRSs *(continued)*

Other than as further explained below regarding the impact of IFRS 13, the adoption of the new and revised IFRSs has had no significant financial effect on the interim condensed consolidated financial statements.

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group provides these disclosures in notes 32.

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 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) – *Investment Entities*[1]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
IAS 36 Amendments	Amendments to IAS 36 *Impairment of assets – Recoverable amount disclosures for non-financial assets*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of derivatives and continuation of hedge accounting*[1]
IFRS 9	*Financial Instruments*[2]

1 *Effective for annual periods beginning on or after 1 January 2014*
2 *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.

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 2013 (Unaudited)				
	Lamp products RMB'000	Luminaire products RMB'000	Lighting electronic products RMB'000	Eliminations RMB'000	Consolidated RMB'000
Revenue:					
Revenue from external customers	653,828	902,695	131,997	–	1,688,520
Intersegment	10,424	–	28,464	(38,888)	–
Total revenue	664,252	902,695	160,461	(38,888)	1,688,520
Results	116,914	214,663	24,915	–	356,492
Elimination of intersegment profit	(675)	–	(1,828)	–	(2,503)
Results derived from external customers	116,239	214,663	23,087	–	353,989
Interest income					11,389
Unallocated income:					
Government grants					16,850
Trademark licence fees					7,230
Gains from sales of scrap materials					938
Rental income					1,239
Others					6,105
					32,362
Unallocated expenses:					
Advertising and promotion expenses					(32,076)
Freight					(29,402)
Loss on disposal of items of property, plant and equipment					(661)
Donations					(828)
Exchange loss, net					(15,744)
Research and development expenses, excluding the amortisation of deferred expenditures					(24,195)
Staff costs					(81,391)
Amortisation and depreciation					(21,480)
Impairment of trade receivables, prepayments and other receivables					(6,343)
Equity-settled share option expense					(245)
Other unallocated head office and corporate expenses					(56,258)
					(268,623)
Finance costs					(1,630)
Share of loss of an associate					(291)
Profit before tax					127,196

4. Operating Segment Information *(continued)*

	Six months ended 30 June 2012 (Unaudited) *(Restated)*				
	Lamp products RMB'000	Luminaire products RMB'000	Lighting electronic products RMB'000	Eliminations RMB'000	Consolidated RMB'000
Revenue:					
Revenue from external customers	687,433	797,069	129,415	–	1,613,917
Intersegment	31,437	–	39,207	(70,644)	–
Total revenue	718,870	797,069	168,622	(70,644)	1,613,917
Results	149,350	192,520	24,025	–	365,895
Elimination of intersegment profit	1,422	–	(2,733)	–	(1,311)
Results derived from external customers	150,772	192,520	21,292	–	364,584
Interest income					11,436
Unallocated income:					
Government grants					12,059
Trademark licence fees					7,038
Distribution commission					6,430
Gains from sales of scrap materials					1,215
Others					3,184
					29,926
Unallocated expenses:					
Advertising and promotion expenses					(35,485)
Freight					(32,089)
Loss on disposal of items of property, plant and equipment					(654)
Donations					(659)
Exchange loss, net					(6,272)
Research and development expenses, excluding the amortisation of deferred expenditures					(46,370)
Staff costs					(66,831)
Amortisation and depreciation					(26,458)
Impairment of trade receivables, prepayments and other receivables					(62,332)
Equity-settled share option expense					(899)
Other unallocated head office and corporate expenses					(50,345)
					(328,394)
Finance costs					(2,386)
Share of profit of an associate					442
Profit before tax					75,608

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 2013 (six months ended 30 June 2012: None).

5. Revenue, Other Income and Gains

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

An analysis of revenue, other income and gains is as follows:

		Six months ended 30 June	
	Note	**2013 RMB'000 (Unaudited)**	2012 RMB'000 (Unaudited) *(Restated)*
Revenue			
Sales of goods		**1,688,520**	1,613,917
Other income			
Government grants	*(a)*	**16,850**	12,059
Trademark licence fees	*(b)*	**7,230**	7,038
Distribution commission		**–**	6,430
Bank interest income		**11,304**	9,297
Other interest income		**85**	2,139
Rental income		**1,239**	–
Others		**6,105**	3,184
		42,813	40,147
Gains			
Gains on sales of scrap materials		**938**	1,215
		43,751	41,362

Notes:

(a) Various government grants have been received by the Group's PRC subsidiaries as tax subsidies and incentives for research and development activities and expansion of production capacity of energy-saving lamps. Government grants for which expenditure has not been undertaken and those associated with assets are recognised as deferred income in the statement of financial position (note 25).

(b) In the current period the Group licensed the "NVC" trademark to a limited number of related companies at 3% of the related companies' sales as trademark licence fees. Besides, the Group used to charge distribution commission to a limited number of related companies for the Group's efforts on management of their products sold through the Group's distribution network at 6% to 8% of the relevant sales. Since 1 April 2012, the Group stopped managing products of related parties which were sold in its distribution network, accordingly, no distribution commission was recorded since then. Details of the related party transactions are set out in note 31 to the interim condensed consolidated financial statements.

6. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Note	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited) (Restated)
Cost of inventories sold		**1,324,377**	1,235,963
Depreciation		**52,332**	45,430
Amortisation of prepaid land lease payments		**698**	1,328
Amortisation of long-term deferred expenditure		**–**	560
Amortisation of computer software, customer relationships and patents*		**2,568**	10,865
Research and development costs:			
Deferred expenditure amortised*		**2,328**	2,840
Current year expenditure		**24,195**	46,370
Less: Government grants released**		**(4,511)**	(3,762)
		19,684	42,608
		22,012	45,448
Minimum lease payments		**6,584**	7,749
Auditors' remuneration		**2,479**	2,673
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**204,373**	195,134
Equity-settled share option expense		**245**	899
Pension scheme contributions (defined contribution scheme)		**28,102**	28,396
Housing funds' contributions		**8,105**	8,118
Other welfare expenses		**11,404**	14,733
		252,229	247,280
Impairment of trade receivables	*18*	**6,835**	12,738
(Reversal of impairment)/impairment of prepayments and other receivables	*19*	**(492)**	49,594
Write-down of inventories to net realisable value	*17*	**10,154**	13,370
Exchange loss, net		**15,744**	6,272
Bank interest income	*5*	**(11,304)**	(9,297)
Other interest income	*5*	**(85)**	(2,139)
Loss on disposal of items of property, plant and equipment		**661**	654

6. Profit Before Tax *(continued)*

* The amortisation of computer software, customer relationships and patents and the amortisation of deferred development costs for the period are included in "Cost of sales" and "Administrative expenses" in the interim condensed consolidated income statement.

** Various government grants have been received for setting up research activities in Guangdong Province, Mainland China, to support the development of energy saving products and LED products. The government grants released have been deducted from the research and development costs to which they relate. Government grants received for which related expenditure has not yet been undertaken are included in government grants in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

7. Finance Costs

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Interest on bank loans	**1,463**	2,163
Other interest expenses	**167**	223
	1,630	2,386

8. Income Tax

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 2013 (six months ended 30 June 2012: Nil).

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Current income tax:		
Current income tax charge for the period	**28,742**	34,103
Adjustments in respect of current income tax of previous year	**(4,414)**	1,883
Deferred income tax:		
Relating to origination and reversal of temporary differences	**5,202**	(20,455)
Total tax charge for the period	**29,530**	15,531

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

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.

Shanghai Arcata, a subsidiary located in Shanghai as a foreign-invested enterprise, was eligible to apply for a two-year EIT exemption followed by a three-year 50% EIT reduction holiday starting from 2008 in accordance with the then effective PRC income tax laws and regulations. Thus, the applicable tax rate for Shanghai Arcata for 2012 was 12.5%. Shanghai Arcata was recognised as a high-tech enterprise by the PRC tax authority and entitled a preferential tax rate of 15% in 2013.

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 2011, 2011 and 2012, respectively.

9. 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 3,128,448,000 (six months ended 30 June 2012: 3,158,159,000) in issue during the six months ended 30 June 2013.

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.

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent	**81,234**	42,252

	Six months ended 30 June	
	2013	2012
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**3,128,448**	3,158,159
Effect of dilution – weighted average number of ordinary shares:		
Share options	**1,240**	2,466
	3,129,688	3,160,625

10. Dividend

On 26 March 2013, the board of directors proposed a final dividend of HK1.5 cents per share for the year ended 31 December 2012 payable to the shareholders whose names appear on the register of members of the Company at the close of business on 4 July 2013. The proposed dividend was approved by the shareholders at the annual general meeting on 21 June 2013. Based on the 3,128,448,000 shares as at 4 July 2013, the final dividend payable amounted to HK$46,927,000 (equivalent to approximately RMB37,383,000) (before tax).

On 28 August 2013, 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 2012: HK1 cent). It's expected that the interim dividend payable will amount to HK$31,284,000 (equivalent to approximately RMB24,921,000) (before tax) based on the 3,128,448,000 issued shares as at 30 June 2013.

11. Property, Plant and Equipment

During the six months ended 30 June 2013, the Group acquired assets with a cost of RMB76,188,000 (six months ended 30 June 2012: RMB111,116,000). Assets with a net book value of RMB871,000 were disposed of by the Group during the six months ended 30 June 2013 (six months ended 30 June 2012: RMB783,000), resulting in a net loss on disposal of RMB661,000 (six months ended 30 June 2012: RMB654,000).

12. Prepaid Land Lease Payments

	2013 **RMB'000** **(Unaudited)**	2012 RMB'000 (Audited)
Carrying amount at 1 January	**53,516**	71,149
Disposals	**–**	(15,494)
Recognised during the period/year	**(698)**	(2,139)
Carrying amount at 30 June/31December	**52,818**	53,516
Current portion included in prepayments, deposits and other receivables (note 19)	**(1,320)**	(1,314)
Non-current portion	**51,498**	52,202

The leasehold lands are situated in Mainland China, and are held under long terms ranging from 46 to 50 years.

13. 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 2013, 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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Non-current assets		
Property, plant and equipment	**11,734**	11,734
Prepaid land lease payments	**5,872**	5,872
	17,606	17,606

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 2012.

14. Goodwill

	2013 RMB'000 (Unaudited)	2012 RMB'000 (Audited)
At 1 January		
Cost	**231,287**	231,287
Accumulated impairment	**(210,126)**	(210,126)
Net carrying amount	**21,161**	21,161
Cost at 1 January, net of accumulated impairment	**21,161**	231,287
Impairment during the period/year	**–**	(210,126)
At 30 June/31 December	**21,161**	21,161

Goodwill is tested for impairment annually 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 2012.

15. Other Intangible Assets

Additions of other intangible assets during the six months ended 30 June 2013 mainly represented the cost of acquiring computer software amounting to RMB101,000.

The useful lives of trademarks with a net carrying amount of RMB270,000,000 as at 30 June 2013 (31 December 2012: RMB270,000,000) 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, and no impairment provision was recorded as at 30 June 2013 (31 December 2012: Nil).

16. Deferred Tax

The Group has accumulated tax losses of RMB1,476,000 (31 December 2012: RMB978,000) generated by Zhangpu Phoebus, a subsidiary incorporated in the PRC of which deferred tax assets have not been recognised. Tax losses of Zhangpu Phoebus are not available for offsetting against future taxable profits as the Group has decided to cease the operations of the subsidiary.

The Group has accumulated tax losses of RMB26,178,000 (31 December 2012: RMB13,331,000) generated by UK NVC, a subsidiary incorporated in the UK, which are available indefinitely for offsetting against future taxable profits of the company in which the losses arose. Out of the above accumulated tax losses, RMB12,847,000 of losses have not been recognised as deferred tax assets. Deferred tax assets have been recognised for tax losses arising in UK NVC to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax losses can be utilised.

Pursuant to the Corporate Income Tax Law of China, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10% for the unremitted profits of PRC subsidiaries. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 30 June 2013, the Group has not recognised deferred tax liabilities of RMB167,632,000 (31 December 2012: RMB159,685,000) in respect of temporary differences relating to the unremitted profits of subsidiaries amounting to RMB1,676,323,000 (31 December 2012: RMB1,596,854,000), that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

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

17. Inventories

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Raw materials	**133,330**	179,911
Work in progress	**26,117**	11,963
Finished goods	**407,982**	506,526
	567,429	698,400

The write-down of inventories for the six months ended 30 June 2013 amounted to RMB10,154,000 (six months ended 30 June 2012: RMB13,370,000), which was recorded in "cost of sales" in the interim condensed consolidated income statement.

18. Trade and Bills Receivables

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Trade receivables	**921,642**	710,739
Impairment	**(24,898)**	(18,393)
Trade receivables, net	**896,744**	692,346
Bills receivable	**167,676**	126,544
	1,064,420	818,890

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 30 to 180 days. 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.

18. Trade and Bills Receivables *(continued)*

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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within 3 months	**688,776**	532,034
4 to 6 months	**119,496**	85,397
7 to 12 months	**48,278**	26,390
1 to 2 years	**40,194**	45,037
Over 2 years	**–**	3,488
	896,744	692,346

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

	2013 RMB'000 (Unaudited)	2012 RMB'000 (Audited)
At 1 January	**18,393**	16,350
Impairment losses recognised	**6,835**	1,952
Amount written off as uncollectible	**–**	(66)
Exchange realignment	**(330)**	157
At 30 June/31 December	**24,898**	18,393

18. 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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within 6 months	**167,676**	126,544

19. Prepayments, Deposits and Other Receivables

	Notes	**30 June 2013 RMB'000 (Unaudited)**	31 December 2012 RMB'000 (Audited)
Non-current assets:			
Prepayments for purchase of property, plant and equipment		**13,049**	23,331
Current assets:			
Prepayments	*(a)*	**46,178**	52,400
Impairment	*(a)*	**(25,062)**	(24,188)
		21,116	28,212
Deposits and other receivables	*(b)*	**52,671**	71,894
Impairment	*(b)*	**(4,735)**	(6,101)
		47,936	65,793
		69,052	94,005

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

(a) Prepayments

Amount represented prepayments for raw materials. Included in the balance are RMB25,062,000 million (31 December 2012: RMB25,788,000) which bore an interest rate of 1% per month.

The breakdown of prepayments is as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Prepaid land lease payments – current portion	**1,320**	1,314
Prepayments to third parties	**19,796**	26,898
Amounts due from an entity over which a close family member of Mr. WU Changjiang, a director of the Company, has significant influence	**25,062**	24,188
Impairment	**(25,062)**	(24,188)
Prepayments, net	**21,116**	28,212

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

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

(b) Deposits and other receivables

The breakdown of deposits and other receivables is as follows:

	Notes	**30 June 2013 RMB'000 (Unaudited)**	31 December 2012 RMB'000 (Audited)
Deposits and receivables from third parties	*(i)*	**39,982**	43,664
Due from individuals		**3,296**	4,147
Amounts due from related parties	*(ii)*	**9,393**	24,083
Impairment	*(iii)*	**(4,735)**	(6,101)
Deposits and other receivables, net		**47,936**	65,793

Notes:

(i) Except for the bank interest receivable of RMB9,678,000, which is repayable on maturity of related time deposit with original maturity of twelve months (31 December 2012: RMB6,643,000), the deposits and receivables from third parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

(ii) The amounts due from related parties (defined in note 31) consist of the following:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Entities over which a close family member of Mr. WU Changjiang, a director of the Company, has significant influence	**9,393**	23,990
Other	**–**	93
	9,393	24,083

The amounts due from entities over which a close family member of Mr. WU Changjiang, a director of the Company, 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 105 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 director of the Company, has significant influence, and only a portion of the receivables is expected to be recovered.

19. 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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within 1 year	**46,152**	45,558
1 to 2 years	**575**	18,350
Over 2 years	**1,209**	1,885
	47,936	65,793

20. Other Current Assets

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Deductible valued-added tax	**11,603**	16,079

21. Cash and Short-term Deposits

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Cash and bank balances	**897,311**	1,124,861
Time deposits:		
Non-pledged time deposits	**663,412**	464,421
Pledged time deposits	**9,950**	4,695
	1,570,673	1,593,977
Less:		
Non-pledged time deposits with original maturity of more than three months when acquired	**(479,912)**	(374,538)
Pledged time deposits	**(9,950)**	(4,695)
	(489,862)	(379,233)
	1,080,811	1,214,744

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 fulfilling contractual obligations at the requests of customers.

Time deposits were made for varying periods of between one 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.

22. Trade Payables

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Trade payables to third parties	**511,983**	404,561
Trade payables to related parties	**15,322**	27,045
	527,305	431,606

Trade payables to related parties (defined in note 31) include the following:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Entities controlled by Mr. WU Jiannong, a director of Zhejiang NVC and the substantial shareholder of Signkey Group Limited ("Signkey"), a former substantial shareholder of the Company	**8,969**	10,879
An entity over which the Group indirectly has significant influence through its associate	**2,603**	10,115
Entities over which a close family member of Mr. WU Changjiang, a director of the Company, has significant influence	**3,618**	6,051
Entity with significant influence over the Group	**132**	–
	15,322	27,045

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

22. 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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within 3 months	**469,960**	376,469
4 to 6 months	**17,125**	11,548
7 to 12 months	**32,890**	26,494
1 to 2 years	**6,321**	16,109
Over 2 years	**1,009**	986
	527,305	431,606

23. Other Payables and Accruals

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Other payables to third parties	**168,144**	204,437
Dividend payable	**37,383**	3
Advances from customers	**19,092**	16,338
Accruals	**37,495**	60,777
Amounts due to related parties	**783**	968
	262,897	282,523

23. Other Payables and Accruals *(continued)*

The amounts due to related parties (defined in note 31) are as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Entities controlled by Mr. WU Jiannong, a director of Zhejiang NVC and the substantial shareholder of Signkey, a former substantial shareholder of the Company	**771**	956
Entities over which a close family member of Mr. WU Changjiang, a director of the Company, has significant influence	**12**	12
	783	968

Other payables of the Group as at 30 June 2013 are non-interest-bearing and have no fixed terms of repayment.

24. Interest-bearing Loans and Borrowings

Group	30 June 2013 (Unaudited)			31 December 2012 (Audited)		
	Contractual interest rate (%)	**Maturity**	**RMB'000**	Contractual interest rate (%)	Maturity	RMB'000
Current						
Bank loans – unsecured [1]	**5.488**	**October 2013**	**30,000**	5.488-5.880	February-April 2013	80,000
Bank overdraft- unsecured [2]	**Base*+2.30**	**On demand**	**10,489**	Base*+2.30	On demand	14,387
Total			**40,489**			94,387

1 The bank loans represented RMB-denominated loans of RMB30,000,000 at an interest rate of 5.488% per annum.

2 The bank overdraft represents a GBP-denominated overdraft facility. The Group's overdraft facility amounted to GBP2,200,000 (equivalent to RMB20,727,000) (31 December 2012: GBP2,200,000 (equivalent to RMB22,354,000)), of which GBP1,113,000 (equivalent to RMB10,489,000) (31 December 2012: GBP1,416,000 (equivalent to RMB14,387,000)) had been utilised as the end of reporting period.

* Base means Bank of England base rate.

25. Government Grants

	2013 RMB'000 (Unaudited)	2012 RMB'000 (Audited)
At 1 January	**22,049**	131,739
Received during the period/year	**15,948**	59,564
Released to the income statement	**(16,850)**	(46,422)
Utilised in relocation*	**–**	(122,832)
At 30 June/31 December	**21,147**	22,049
Portion classified as current liabilities	**(6,429)**	(6,208)
Non-current	**14,718**	15,841

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

The balance at 31 June 2013 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.

* As the Group has completed the relocation of its production centre in Jianshan City on 30 July 2012, a compensation amount of RMB122,832,000 was recognised in the income statement in the year ended 31 December 2012. There was no such income recognised in the interim condensed consolidated income statement for the six months ended 30 June 2013.

26. Issued Capital

Shares

	30 June 2013 (Unaudited)		31 December 2012 (Audited)	
	US$	**RMB equivalent**	US$	RMB equivalent
Authorised: 500,000,000,000 (31 December 2012: 500,000,000,000) ordinary shares of US$0.0000001 each	**50,000**	**341,385**	50,000	341,385
Issued and fully paid: 3,128,448,000 (31 December 2012: 3,128,448,000) ordinary shares of US$0.0000001 each	**312.84**	**2,324**	312.84	2,324

Movements in the Company's issued capital and share premium during the six months ended 30 June 2013 are as follows:

	Number of shares in issue	Issued capital RMB	Share premium RMB'000	Total RMB'000
At 1 January 2013	**3,128,448,000**	**2,324**	**1,961,124**	**1,961,126**
Adjustment to 2012 final dividend declared	**–**	**–**	**25**	**25**
At 30 June 2013 (Unaudited)	**3,128,448,000**	**2,324**	**1,961,149**	**1,961,151**

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in the note 27 to the interim condensed consolidated financial statements.

27. 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 2013.

The following share options were outstanding under the Scheme during the period:

	2013 (Unaudited)			2012 (Audited)		
	Number of options	**Weighted average exercise price per share**		Number of options	Weighted average exercise price per share	
		HK$	**RMB equivalent**		HK$	RMB equivalent
At 1 January	**41,787,000**	**2.10**	**1.85**	45,270,000	2.10	1.85
Exercised during the period/year	**–**	**2.10**	**1.85**	(500,000)	2.10	1.85
Lapsed during the period/year	**(150,000)**	**2.10**	**1.85**	(2,983,000)	2.10	1.85
At 30 June/31 December	**41,637,000**	**2.10**	**1.85**	41,787,000	2.10	1.85

For the six months ended 30 June 2013, 150,000 share options lapsed due to the resignation of two employees.

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

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

30 June 2013 (Unaudited) Number of options	**Exercise price per share HK$**	**RMB equivalent**	**Exercise period**
31,637,000	**2.10**	**1.85**	**3/24/2012 to 3/24/2016**
7,000,000	**2.10**	**1.85**	**3/24/2011 to 3/24/2016**
3,000,000	**2.10**	**1.85**	**3/24/2012 to 6/25/2017**
41,637,000			

31 December 2012 (Audited) Number of options	Exercise price per share HK$	RMB equivalent	Exercise period
31,637,000	2.10	1.85	3/24/2012 to 3/24/2016
7,150,000	2.10	1.85	3/24/2011 to 3/24/2016
3,000,000	2.10	1.85	3/24/2012 to 6/25/2017
41,787,000			

As at 30 June 2013, the Company had 41,637,000 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 41,637,000 additional ordinary shares of the Company and additional share capital of US$4.16 (equivalent to RMB25.73) and share premium of US$11,233,000 (equivalent to RMB69,405,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 41,637,000 share options outstanding under the Scheme, which represented approximately 1.33% of the Company's shares in issue as at that date.

28. Pledge of Assets

Except for the pledged deposits mentioned in note 21 to the financial statements, no assets of the Group were pledged as at 30 June 2013 (31 December 2012: Nil).

29. Operation Lease Arrangement

(a) As lessor

The Group leases its plant and offices under operating lease arrangements, with leases negotiated for 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.

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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within one year	**1,806**	2,881
In the second to fifth years, inclusive	**1,129**	1,743
	2,935	4,624

(b) As lessee

The Group leases certain plant and office properties under operating lease arrangements. Leases for properties are negotiated for 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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within one year	**7,376**	10,925
In the second to fifth years, inclusive	**10,785**	12,361
	18,161	23,286

30. Commitments

In addition to the operating lease commitments detailed in (note 29 (b)) above, the Group had the following capital commitments as at the end of the reporting period:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	**19,971**	16,272
Authorised, but not contracted for:		
Property, plant and equipment	**94,484**	163,721
Other intangible assets	**–**	50
	94,484	163,771
	114,455	180,043

At the end of the reporting period, the Group did not have any significant commitments.

31. 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 2013 and six months ended 30 June 2012 are listed below:

Entity with significant influence over the Group
Elec-Tech International Co., Ltd.

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 former 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.

Entities over which a close family member of Mr. WU Changjiang, a director 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.

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

31. 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 2013:**

	Notes	**Six months ended 30 June**	
		2013	2012
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
			(Restated)
Entities controlled by Mr. WU Jiannong, a director of Zhejiang NVC and the substantial shareholder of Signkey, a former substantial shareholder of the Company:			
Purchases of raw materials and finished goods	*(i)*	**23,365**	43,705
Sale of finished goods and other materials	*(i)*	**210**	–
Purchases of machinery	*(i)*	**–**	1,901
		23,575	45,606
Entity with significant influence over the Group:			
Purchases of raw materials	*(i)*	**114**	–
Entities over which a close family member of Mr. WU Changjiang, a director of the Company, has significant influence:			
Purchases of raw materials and finished goods	*(i)*	**3,166**	19,133
Trademark licence fee income	*(ii)*	**6,549**	6,960
Distribution commission income	*(iii)*	**–**	6,428
Interest income	*(i)*	**1,318**	1,485
Sale of finished goods and other materials	*(i)*	**–**	139
		11,033	34,145
An entity over which the Group indirectly has significant influence through an associate:			
Purchases of raw materials and finished goods	*(i)*	**5,962**	17,335

31. Related Party Transactions *(continued)*

(c) (continued)

Notes:

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

(ii) Trademark 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.

(iii) Distribution commission income arose from the Group's efforts on management of the products of related parties sold through the Group's distribution network, charged at the mutually agreed rates of 6% to 8% of the related parties' sales. Since 1 April 2012, the Group stopped managing the products of these related parties sold through the distribution network and no such charges were subsequently made.

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 19, 22 and 23 to the financial statements.

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Short-term employee benefits	**8,187**	5,547
Equity-settled share option expenses	**21**	480
	8,208	6,027

32. Financial Instruments

Set out below is an overview of financial instruments held by the Group as at 30 June 2013:

	30 June 2013 Loans and receivables RMB'000 (Unaudited)	31 December 2012 Loans and receivables RMB'000 (Audited)
Financial assets:		
Trade and bills receivables	**1,064,420**	818,890
Financial assets included in prepayments, deposits and other receivables	**47,936**	65,793
Short-term deposits	**489,862**	379,233
Cash and cash equivalents	**1,080,811**	1,214,744
	2,683,029	2,478,660
Financial liabilities:		
Trade payables	**527,305**	431,606
Financial liabilities included in other payables and accruals	**225,402**	221,746
Interest-bearing loans and borrowings	**40,489**	94,387
	793,196	747,739

32. Financial Instruments *(continued)*

Fair values

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts		Fair values	
	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)	**30 June 2013 RMB'000 (Unaudited)**	31 December 2012 RMB'000 (Audited)
Financial assets:				
Trade and bills receivables	**1,064,420**	818,890	**1,064,420**	818,890
Financial assets included in prepayments, deposits and other receivables	**47,936**	65,793	**47,936**	65,793
Short-term deposits	**489,862**	379,233	**489,862**	379,233
Cash and cash equivalents	**1,080,811**	1,214,744	**1,080,811**	1,214,744
	2,683,029	2,478,660	**2,683,029**	2,478,660
Financial liabilities:				
Trade payables	**527,305**	431,606	**527,305**	431,606
Financial liabilities included in other payables and accruals	**225,402**	221,746	**225,402**	221,746
Interest-bearing loans and borrowings	**40,489**	94,387	**40,489**	94,387
	793,196	747,739	**793,196**	747,739

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

As at 30 June 2013 and 31 December 2012, the fair values of cash and cash equivalents, short-term deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals and interest-bearing loans and borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

33. 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 2013.

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 2012 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 Corporate Governance Code and Corporate Government Report 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 British Virgin Islands on 2 March 2006 and subsequently redomiciled to the Cayman Islands on 30 March 2012 as an exempted company with limited liability under the laws of the Cayman Islands.
"Corresponding Period"	means six months ended 30 June 2012 or six months ended 30 June 2013 (as the context may require).
"Director(s)"	the director(s) of the Company.
"EMC model"	EMC model, i.e. contract energy management, an energy-saving investment model which uses the fees for energy saved to pay for all of the costs in an energy-saving project. This model enables users to apply the income from energy saving in the future to upgrade the factories and facilities, lower current operation costs and increase the energy utilization efficiency.
"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"	Great Britain Sterling Pound, the lawful currency of the United Kingdom.
"Group"	our Company and its subsidiaries.
"HID"	High intensity discharge.
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong.
"Hong Kong"	the Hong Kong Special Administrative Region of People Republic of China.
"Huizhou NVC"	Huizhou 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.

Definitions

"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 2013.
"RMB"	Renminbi, the lawful currency of the PRC.
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
"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 British Virgin Islands 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.* (浙江同景投資有限公司).

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

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

OLYMPIC COUNCIL OF ASIA

Guangzhou 2010

Tianjin 2013
第六届东亚运动会

OCA Lighting and Service Cooperation Partner
Guangzhou 2010 Asian Games Lighting Product Supplier
2013 6th East Asian Games Lighting and Service Exclusive Supplier

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