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

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2222)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012

Highlights:

For the six months ended 30 June 2012:

- Our revenue amounted to US$255,930,000, representing a decrease of 4.1% as compared with the Corresponding Period.
- Our gross profit amounted to US$57,570,000, representing a decrease of 18.1% as compared with the Corresponding Period.
- Our profit before tax amounted to US$11,760,000, representing a decrease of 75.1% as compared with the Corresponding Period.
- Profit attributable to owners of the Company amounted to US$6,468,000, representing a decrease of 83.7% as compared with the Corresponding Period.
- Basic earnings per share of the Company was 0.20 US cents.
- The Board of Directors has resolved to pay an interim dividend of HK1 cent per share (Corresponding Period of 2011: HK2.5 cents per share).

The board of directors (the "Board") of NVC Lighting Holding Limited (the "Company") announces the interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2012 (the "Period under Review"). The interim results have not been audited, but have been reviewed by Ernst & Young, the Company's auditors, and the audit committee of the Company.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2012	2011
	Notes	***US$'000***	*US$'000*
REVENUE	*2*	**255,930**	266,992
Cost of sales		**(198,360)**	(196,681)
GROSS PROFIT		**57,570**	70,311
Other income and gains	*3*	**4,781**	8,375
Selling and distribution costs		**(17,151)**	(15,321)
Administrative expenses		**(33,454)**	(17,432)
Other expenses		**(1,490)**	(323)
Finance income		**1,813**	1,665
Finance costs	*4*	**(379)**	(94)
Share of profits of an associate		**70**	61
PROFIT BEFORE TAX		**11,760**	47,242
Income tax expense	*5*	**(2,465)**	(6,588)
PROFIT FOR THE PERIOD		**9,295**	40,654
Attributable to:			
Owners of the Company		**6,468**	39,575
Non-controlling interests		**2,827**	1,079
		9,295	40,654
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	*6*	**0.20 US cents**	1.28 US cents
Diluted	*6*	**0.20 US cents**	1.25 US cents

Details of the dividend payable are disclosed in note 7 to the interim condensed consolidated financial statements on page 13 of this announcement.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2012** ***US$'000***	31 December 2011 *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**140,341**	130,484
Prepaid land lease payments		**11,066**	11,322
Goodwill		**34,512**	34,849
Other intangible assets		**53,757**	55,786
Investment in an associate		**909**	706
Deferred tax assets		**7,652**	4,765
Long-term deferred expenditure		**–**	56
Prepayments for purchase of property, plant and equipment		**3,151**	4,596
Total non-current assets		**251,388**	242,564
CURRENT ASSETS			
Inventories	*8*	**123,247**	111,541
Trade and bills receivables	*9*	**133,304**	140,436
Prepayments, deposits and other receivables		**24,978**	31,287
Short-term deposits		**58,370**	75,954
Cash and cash equivalents		**153,942**	124,746
		493,841	483,964
Non-current assets classified as held for sale		**2,814**	2,805
Total current assets		**496,655**	486,769
CURRENT LIABILITIES			
Trade payables	*10*	**75,431**	61,223
Other payables and accruals		**42,849**	35,514
Interest-bearing loans and borrowings	*11*	**10,742**	6,494
Income tax payable		**3,605**	3,218
Total current liabilities		**132,627**	106,449
NET CURRENT ASSETS		**364,028**	380,320
TOTAL ASSETS LESS CURRENT LIABILITIES		**615,416**	622,884

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2012

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

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(continued)
Six months ended 30 June 2012

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

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

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

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

1.2 IMPACT OF NEW AND REVISED IFRSs

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

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

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

1.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs and interpretations by International Financial Reporting Interpretation Committee ("IFRIC") that have been issued but are not yet effective in these financial statements:

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

1.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs *(continued)*

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

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

2. REVENUE AND SEGMENT INFORMATION

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

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

(a) Luminaire products segment: Luminaire products represent a complete lighting unit that consists of a lighting fixture, a lamp, (namely the light source such as a light bulb or tube) and a lighting electronics device. The luminaire products are sold as complete lighting units or units without lamps and lighting electronics, based on the needs of the end customers;

(b) Lamp products segment: Lamp products represent a range of light bulbs and tubes for compact fluorescent lamps, high intensity discharge ("HID") lamps, fluorescent lamps, halogen lamps and light emitting diode ("LED") lamps; and

(c) Lighting electronic products segment: Lighting electronic products represent electronic transformers, electronic and inductive ballasts for fluorescent and HID lamps, and HID ballast boxes.

Segment information represents the revenue and gross profit from external customers. Our revenue from sales for the six months ended 30 June 2012 amounted to US$255,930,000, representing a decrease of 4.1% from US$266,992,000 recorded in the Corresponding Period of 2011.

	Revenue Six months ended 30 June		**Gross profit Six months ended 30 June**	
	2012	2011	**2012**	2011
	US$'000	*US$'000*	***US$'000***	*US$'000*
Luminaire products	**126,396**	152,015	**30,284**	46,011
Lamp products	**109,011**	84,321	**23,909**	19,213
Lighting electronic products	**20,523**	30,656	**3,377**	5,087
Total	**255,930**	266,992	**57,570**	70,311
Unallocated items				
Other income and gains			**4,781**	8,375
Selling and distribution costs			**(17,151)**	(15,321)
Administrative expenses			**(33,454)**	(17,432)
Other expenses			**(1,490)**	(323)
Finance income			**1,813**	1,665
Finance costs			**(379)**	(94)
Share of profits of an associate			**70**	61
Profit before tax			**11,760**	47,242
Income tax expense			**(2,465)**	(6,588)
Profit for the period			**9,295**	40,654

During the Period under Review, depreciation and amortisation of intangible assets other than goodwill recognised in the interim condensed consolidated income statement amounted to US$9,370,000, as compared to US$6,821,000 for the Corresponding Period of 2011.

3. OTHER INCOME AND GAINS

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

4. FINANCE COSTS

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

5. 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 the subsidiaries are domiciled and operate. During the Period under Review, no provision for Hong Kong profits tax or the United Kingdom (the "UK") corporation income tax has been made as the Group has no assessable profits arising in Hong Kong or the UK (Corresponding Period of 2011: Nil).

The subsidiaries of the Group located in Mainland China are subject to enterprise income tax ("EIT") at the statutory tax rate of 25%. Pursuant to the effective PRC income tax laws and regulations when these subsidiaries were established, some subsidiaries were eligible to enjoy a two-year EIT exemption followed by a three-year 50% EIT reduction holiday and other preferential tax policies (for example, the tax incentives for high-tech enterprises and a western development enterprise). The table below sets out the applicable tax rates for the Group's PRC subsidiaries:

	Six months ended 30 June	
	2012	2011
Huizhou NVC	**25.0%**	15.0%
Chongqing NVC	**15.0%**	12.5%
Zhejiang NVC	**25.0%**	25.0%
Jiangshan Phoebus	**15.0%**	12.5%
Zhangpu Phoebus	**25.0%**	12.5%
Sunny	**15.0%**	25.0%
Shanghai Arcata	**12.5%**	12.5%
Chongqing Lighting	*	N/A

* Chongqing Lighting had not yet commenced normal operations at the end of the Period under Review.

5. INCOME TAX *(continued)*

The table below sets out the items of income tax expense in the Period under Review, all of which represent PRC income tax expense.

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

6. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the six months ended 30 June 2012 and 2011. The calculation of diluted earnings per share is based on the profit attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of share options or conversion of all dilutive potential ordinary shares into ordinary shares.

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

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

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

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

7. DIVIDEND

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

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

8. INVENTORIES

The balance of inventories represents 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. The following table sets out our inventories balance as at the end of the Period under Review, as well as the turnover of average inventories (in days) for the periods indicated.

	30 June 2012	31 December 2011
	US$'000	*US$'000*
Raw materials	**38,627**	43,146
Work in progress	**4,631**	3,543
Finished goods	**79,989**	64,852
Total	**123,247**	111,541
Turnover of average inventories (in days)[1]	**106.5**	75.0

(1) 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 or 365.

During the Period under Review, the amount of the write-down of inventories recognised was US$2,120,000 (Corresponding Period of 2011: US$123,000), which was recorded in cost of sales.

9. TRADE AND BILLS RECEIVABLES

The balance of trade and bills receivables represents the outstanding amounts receivable by us from customers who have been granted credit periods. The following table sets forth our total trade receivables and bills receivable as at the end of the Period under Review and the turnover of average trade and bills receivables (in days) for the periods indicated.

	30 June 2012 *US$'000*	31 December 2011 *US$'000*
Trade receivables	**121,666**	119,162
Provision	**(4,601)**	(2,595)
Trade receivables, net	**117,065**	116,567
Bills receivable	**16,239**	23,869
Total	**133,304**	140,436
Turnover of average trade and bills receivables (in days)[1]	**98.8**	79.2

[1] 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 or 365.

An ageing analysis of the trade receivables as at the end of the Period under Review, based on the transaction date and net of provision, is as follows.

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

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

The following table sets forth the maturity profile of our bills receivable as at the end of the Period under Review.

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

10. TRADE PAYABLES

The following table sets forth the total amounts of our trade payables as at the end of the Period under Review, and our turnover of average trade payables (in days) for the periods indicated.

	30 June 2012 *US$'000*	31 December 2011 *US$'000*
Trade payables to third parties	**71,121**	58,468
Trade payables to related parties	**4,310**	2,755
Total	**75,431**	61,223
Turnover of average trade payables (in days)[1]	**62.0**	46.9

(1) 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 or 365.

An ageing analysis of the trade payables as at the end of the Period under Review, based on the transaction date, is as follows.

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

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

11. INTEREST-BEARING LOANS AND BORROWINGS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

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

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

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

BUSINESS REVIEW

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

Sales and distribution

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

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

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

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

Production Capability

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

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

Notes:

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

Product research and development

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

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

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

Brand Promotion

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

FINANCIAL REVIEW

Revenue

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

Revenue by product segments

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

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

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

Revenue by NVC brand sales and non-NVC brand sales

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

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

Revenue by geography

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

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

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

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

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

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

Cost of sales

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

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

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

Gross profit and gross profit margin

Gross profit is calculated by revenue less cost of sales.

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

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

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

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

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

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

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

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

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

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

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

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

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

During the Period under Review, the Group's gross profit margin of energy-saving products decreased by 3.8% to 22.5% as compared with the Corresponding Period, which was mainly attributable to the high inventory costs of light tubes for CFL and T4/T5 battens.

Other income and gains

Other income and gains mainly consist of trademark licence fees, distribution commission, gains from sales of scrap materials and government grants (the breakdown of other income and gains is provided in note 3 to the interim condensed consolidated financial statement on page 11 of this announcement). We received various types of government grants as an incentive for export sales, technology research and development, expansion of production for energy-saving lamp products and acquisition of land use rights in connection with plant relocation. Government grants are provided by relevant authorities at their discretion, but may not necessarily be recurring in nature. We licensed our trademark to a limited number of lighting product manufacturers in the PRC and received three percent of the licensees' annual turnover as trademark licence fees. In addition, we received distribution commission of six to eight percent from these licensees on revenue generated when products were sold through our distribution network. During the Period under Review, other income and gains was US$4,781,000, representing a decrease of 42.9% as compared with the Corresponding Period, which was mainly attributable to the decline in the licensees' turnover during the Period under Review. We have stopped providing our distribution network for selling products and ceased to receive distribution commission since April 2012.

Selling and distribution costs

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

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

Administrative expenses

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

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

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

Other expenses

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

Finance income

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

Finance costs

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

Share of profits of an associate

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

Income tax expense

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

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

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

Exchange differences on translation of foreign operations

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

Profit attributable to owners of the Company for the period

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

Profit attributable to non-controlling interests for the period

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

CASH FLOW AND LIQUIDITY

Cash flows

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

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

Net cash flows from/(used in) operating activities

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

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

Net cash flows from/(used in) investing activities

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

Net cash flows from financing activities

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

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

Liquidity

Net current assets and working capital sufficiency

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

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

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

Capital management

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

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

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

Capital expenditure

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

Pledge of assets

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

Off-balance sheet arrangement

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

Contingent liabilities

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

Capital commitments

As at 30 June 2012, we had capital commitments of US$11,159,000 in respect of acquisition of property, plant and equipment and intangible assets other than goodwill. The details are set out below:

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

In addition to the capital commitments mentioned above, we had the following operating lease commitments as at the end of the Period under Review.

Operating lease commitments

During the Period under Review, we entered into non-cancellable operating leases. The table below sets forth our future minimum rental payments under non-cancellable operating leases as at the dates indicated.

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

As a lessor, we lease plant and office premises under operating lease arrangements with lease terms ranging from one to five years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. As at the end of the Period under Review, we had total future minimum lease receivables under non-cancelable operating leases as follows:

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

PROSPECTS

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

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

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

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

Continuously expanding sales network and making parallel progress in overseas markets

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

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

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

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

Recent developments

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

CONTINUING CONNECTED TRANSACTIONS

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

MERGERS AND ACQUISITIONS

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

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.

MARKET RISKS

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

Foreign currency risk

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

Commodity price risk

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

Liquidity risk

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

Credit risk

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

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

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

EMPLOYEES

As at 30 June 2012, the Group had approximately 10,125 employees (31 December 2011: 9,868). 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

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

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

As Mr. Karel Robert Den Daas resigned as an independent non-executive director of the Company with effect from 9 August 2012, the number of independent non-executive directors in the Board has not been in compliance with the requirement of Rule 3.10(1) of the Listing Rules. The Company is in the process of identifying suitable candidates and will appoint a new independent non-executive director as soon as possible.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

The Board approved the establishment of a nomination committee on 26 March 2012 with written terms of reference. The primary duties of the nomination committee are to review the structure and composition of the Board, make recommendations to the Board on the appointment, re-appointment of Directors and succession plans for Directors and assess the independence of independent non-executive directors. The nomination committee has three members, namely Mr. Lin Ho-Ping, Mr. Alan Russell Powrie and Mr. Wang Jinsui. Mr. Wang Jinsui has been appointed as the chairman of the nomination committee.

CHANGE IN DIRECTORS' INFORMATION

Under Rule 13.51B(1) of the Listing Rules, the Company would like to disclose that Mr. Yan Andrew Y (being a non-executive director of the Company) has been appointed as an independent non-executive director of China Petroleum & Chemical Corporation since 11 May 2012 and has held the position of non-executive director of Guodian Technology & Environment Group Corporation Limited since 8 June 2012.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Group's reviewed interim results will be included in the Company's interim report for the six months ended 30 June 2012 which will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.nvc-lighting.com.cn and will be dispatched to the Company's shareholders in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the management team and staff of the Group for their contribution during the Period under Review and also to give our sincere gratitude to all our shareholders for their continuous support.

DEFINITIONS

In this announcement, 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 announcement and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not apply to Taiwan, the Macau Special Administrative Region and the Hong Kong Special Administrative Region.
"Chongqing Lighting"	NVC Lighting (Chongqing) Co., Ltd* (重慶雷士實業有限公司), a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 7 November 2011 and our indirect wholly-owned subsidiary.
"Chongqing NVC"	Chongqing NVC Lighting Co., Ltd.* (重慶雷士照明有限公司), a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 1 December 2006 and our direct wholly-owned subsidiary.
"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 2010 as an exempted company with limited liability under the laws of the Cayman Islands.
"Corresponding Period"	means the six months ended 30 June 2012 or the six months ended 30 June 2011 (as the context may require).
"Director(s)"	the director(s) of the Company.
"Energy-saving lighting products"	CALI (the China Association of Lighting Industry) defines energy-saving lighting products in China as typically consisting of compact fluorescent lamps, fluorescent lamps and supporting lighting fixtures, LED lamps, HID lamps and electronic ballasts. CALI's standard is based on the "Interim Measures on Funding Management of Fiscal Subsidies for Promotion of High-Efficiency Products" as well as the SA (the Standardisation Administration of the PRC) standards, which is in line with the CQC (the China Quality Certification Centre) List.
"Group"	our Company and its subsidiaries.
"Huizhou NVC"	NVC Lighting Technology Co., Ltd.* (惠州雷士光電科技有限公司), a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 29 April 2006 and our direct wholly-owned subsidiary.

"Jiangshan Phoebus"	Jiangshan Phoebus Lighting Electron Co., Ltd.* (江山菲普斯照明有限公司), a limited liability company incorporated in the PRC on 8 March 2006 and our indirect wholly-owned subsidiary.
"HID"	High intensity discharge.
"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's design and specification and are marketed under the customer's brand name.
"Professional Engineering Customers"	Professional engineering customers mainly represent professional engineering projects in connection with railways, highways, airports, subways, tunnels, bridges, municipal lighting, energy efficiency remodification and reconstruction and construction of urban infrastructure.
"Period under Review"	the six months ended 30 June 2012.
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
"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).
"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, 51% equity interest of which is held by Huizhou NVC and the remaining 49% equity interest of which is held by Zhejiang Tonking Investment Co., Ltd.

* *denotes English translation of the name of a Chinese company or entity and is provided for identification purposes only.*

By Order of the Board
NVC LIGHTING HOLDING LIMITED
YAN Andrew Y
Chairman

Hong Kong, 28 August 2012

As at the date of this announcement, the directors of the Company are:

Executive Director:
MU Yu

Non-executive Directors:
YAN Andrew Y
LIN Ho-Ping
ZHU Hai

Independent Non-executive Directors:
Alan Russell POWRIE
WANG Jinsui