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 2015

Highlights for the six months ended 30 June 2015:

- The Group's revenue amounted to RMB1,772,247,000, representing an increase of 4.1% as compared with the Corresponding Period.
- The Group's gross profit amounted to RMB380,939,000, representing a decrease of 0.2% as compared with the Corresponding Period.
- The Group's profit before tax amounted to RMB76,929,000, representing a decrease of 18.6% as compared with the Corresponding Period.
- Profit attributable to owners of the parent amounted to RMB17,073,000, representing a decrease of 70.6% as compared with the Corresponding Period.
- Basic earnings per share of the Company amounted to RMB0.55 cents.
- The Board has proposed not to declare an interim dividend (Corresponding Period: HK1 cent per share (equivalent to approximately RMB0.8 cents)).

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 2015 (the "Period under Review"). The interim results have not been audited or reviewed by external auditor, but have been reviewed by the Audit Committee of the Company.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2015	2014
	Notes	***RMB'000***	*RMB'000*
REVENUE	*2*	**1,772,247**	1,703,207
Cost of sales		**(1,391,308)**	(1,321,630)
GROSS PROFIT		**380,939**	381,577
Other income and gains	*3*	**42,995**	43,718
Selling and distribution costs		**(152,937)**	(175,786)
Administrative expenses		**(186,337)**	(152,809)
Other expenses		**(4,140)**	(1,389)
Finance costs	*4*	**(1,660)**	(1,158)
Share of (losses)/profits of associates		**(1,931)**	380
PROFIT BEFORE TAX		**76,929**	94,533
Income tax expense	*5*	**(21,724)**	(23,511)
PROFIT FOR THE PERIOD		**55,205**	71,022
Attributable to:			
Owners of the parent		**17,073**	58,043
Non-controlling interests		**38,132**	12,979
		55,205	71,022
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	*6*	**0.55 cents**	1.86 cents
Diluted	*6*	**0.55 cents**	1.86 cents

Details of the dividend payable are disclosed in note 7 to the interim condensed consolidated financial statements on page 10 of this announcement.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**55,205**	71,022
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**(1,542)**	769
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**53,663**	71,791
Attributable to:		
Owners of the parent	**16,195**	58,812
Non-controlling interests	**37,468**	12,979
	53,663	71,791

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2015** ***RMB'000***	31 December 2014 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**771,011**	802,244
Prepaid land lease payments		**53,915**	54,647
Goodwill		**21,161**	21,161
Other intangible assets		**294,325**	295,644
Investments in associates		**26,934**	28,867
Trade receivables with maturity more than one year	*9*	**25,569**	31,095
Deferred tax assets		**72,006**	63,491
Prepayments for purchase of property, plant and equipment		**8,683**	7,697
TOTAL NON-CURRENT ASSETS		**1,273,604**	1,304,846
CURRENT ASSETS			
Inventories	*8*	**596,665**	689,333
Trade and bills receivables	*9*	**1,261,980**	1,218,824
Prepayments, deposits and other receivables		**405,509**	342,140
Other current assets		**28,027**	34,369
Restricted bank balance and short-term deposits		**312,115**	125,233
Cash and cash equivalents		**775,954**	796,694
TOTAL CURRENT ASSETS		**3,380,250**	3,206,593
CURRENT LIABILITIES			
Trade and bills payables	*10*	**608,764**	598,055
Other payables and accruals		**372,284**	383,758
Interest-bearing loans	*11*	**183,534**	40,948
Government grants		**2,078**	2,137
Income tax payable		**23,963**	18,828
Derivative financial instruments		**1,618**	–
Total current liabilities		**1,192,241**	1,043,726
NET CURRENT ASSETS		**2,188,009**	2,162,867
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,461,613**	3,467,713

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
NON-CURRENT LIABILITIES		
Government grants	**15,198**	15,152
Deferred tax liabilities	**84,907**	85,952
TOTAL NON-CURRENT LIABILITIES	**100,105**	101,104
NET ASSETS	**3,361,508**	3,366,609
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**2**	2
Reserve	**3,263,691**	3,247,460
	3,263,693	3,247,462
NON-CONTROLLING INTERESTS	**97,815**	119,147
TOTAL EQUITY	**3,361,508**	3,366,609

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 2015 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 2014, 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 2014.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs

The application of these new and revised IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

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

For management purposes, the Group is organised into business units based on the 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 end customers;

2. **REVENUE AND SEGMENT INFORMATION** *(Continued)*

(b) Lamp products segment: Lamp products represent a range of light bulbs and tubes for compact fluorescent lamps, HID lamps, fluorescent lamps, halogen lamps and 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.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, share of results of associates, unallocated income and gains as well as head office and corporate expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Since total assets, liabilities and capital expenditures for each reportable segment are not regularly provided to the chief operating decision maker, the directors are of the opinion that the disclosure of such amounts is not necessary.

Segment information represents the revenue and results data from external customers. Specific details are as follows:

	Revenue Six months ended 30 June		**Results Six months ended 30 June**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Luminaire products	**1,060,923**	1,086,439	**254,369**	258,878
Lamp products	**580,272**	500,564	**102,269**	104,853
Lighting electronic products	**131,052**	116,204	**27,792**	19,697
Total	**1,772,247**	1,703,207	**384,430**	383,428
Reconciliation				
Elimination of intersegment results			**(3,491)**	(1,851)
Interest income			**10,686**	16,619
Unallocated income and gains			**32,309**	27,099
Corporate and other unallocated expenses			**(343,414)**	(329,984)
Finance costs			**(1,660)**	(1,158)
Share of (losses)/profits of associates			**(1,931)**	380
Profit before tax			**76,929**	94,533

During the Period under Review, depreciation and amortisation recognised in the interim condensed consolidated income statement amounted to RMB57,741,000, as compared to RMB60,625,000 with the Corresponding Period.

3. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Other income		
Government grants	**18,616**	5,682
Trademark licence fees	**4,146**	8,685
Bank interest income	**10,686**	16,552
Other interest income	**–**	67
Rental income	**972**	1,564
Others	**3,315**	5,348
	37,735	37,898
Gains		
Sales of scrap materials	**180**	675
Exchange gain, net	**5,080**	5,145
	42,995	43,718

4. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Interest on bank loans	**1,137**	816
Other interest expenses	**523**	342
	1,660	1,158

5. INCOME TAX EXPENSE

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 operated. NVC Brasil is subject to enterprise income tax on its worldwide income with a basic rate of 15% and increased by a surtax of 10% on annual taxable profits exceeding BRL240,000. 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 during the Period under Review (Corresponding Period: Nil).

The table below sets out the items of income tax expense in the Period under Review.

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Current income tax		
– Current income tax charge for the period	**36,830**	23,441
– Adjustments in respect of current income tax of previous year	**(5,546)**	(5,560)
Deferred income tax		
– Relating to origination and reversal of temporary differences	**(9,560)**	5,630
Total tax charge for the period	**21,724**	23,511

The Company's subsidiaries located in Mainland China are subject to enterprise income tax at the statutory tax rate of 25%. According to the preferential tax policies in Mainland China, two of our subsidiaries, Chongqing NVC and NVC China, were recognised as western development enterprises by the local tax authorities and were entitled to the preferential tax rate of 15%, while three of our subsidiaries, Jiangshan Phoebus, Sunny and Shanghai Arcata, were recognised as high-tech enterprises by PRC tax authorities and were entitled to the preferential tax rate of 15%.

The table below sets out the applicable tax rates for the Group's PRC subsidiaries:

	Six months ended 30 June	
	2015	2014
Huizhou NVC	**25.0%**	25.0%
Chongqing NVC	**15.0%**	15.0%
Zhejiang NVC	**25.0%**	25.0%
Jiangshan Phoebus	**15.0%**	15.0%
Zhangpu Phoebus	**25.0%**	25.0%
Sunny	**15.0%**	25.0%
Shanghai Arcata	**15.0%**	25.0%
NVC China	**15.0%**	15.0%
Zhongshan NVC	**25.0%**	N/A

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

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the six months ended 30 June 2015 and 2014. The calculation of diluted earnings per share is based on the profit attributable to ordinary equity holders of the parent, while 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. No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2015 and 2014 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

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

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the parent	**17,073**	58,043

	Six months ended 30 June	
	2015	2014
	'000 Shares	*'000 Shares*
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**3,128,448**	3,128,448

7. DIVIDENDS

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Proposed not to declare interim dividend (Corresponding period: Proposed interim dividend of HK1 cent per ordinary share)	**–**	24,860

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 2015 *RMB'000*	31 December 2014 *RMB'000*
Raw materials	**95,314**	120,506
Work in progress	**29,885**	16,955
Finished goods	**471,466**	551,872
	596,665	689,333
Turnover of average inventories (in days) [1]	**83.2**	89.7

[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 as expenses was RMB15,811,000 (Corresponding Period: RMB12,754,000), which was recorded in "cost of sales" in the interim condensed consolidated income statement.

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 2015 *RMB'000*	31 December 2014 *RMB'000*
Trade receivables	**1,205,392**	1,213,930
Impairment	**(114,032)**	(112,485)
Trade receivables, net	**1,091,360**	1,101,445
Bills receivable	**196,189**	148,474
Less: Trade receivables with maturity more than one year [1]	**(25,569)**	(31,095)
Current portion	**1,261,980**	1,218,824
Turnover of average trade and bills receivables (in days) [2]	**140.4**	139.3

9. TRADE AND BILLS RECEIVABLES *(Continued)*

(1) The amount represented trade receivables due from a customer which was expected to be repaid beyond 12 months from 30 June 2015. In addition, an amount of RMB20,055,000 due from the same customer was recorded as current as at 30 June 2015 (31 December 2014: RMB19,190,000). The amount was not considered impaired as the directors were of the opinion that the amount would be collected in full upon its maturity of trade receivables. The Group does not hold any collateral or other credit enhancements over the trade receivable balances.

(2) 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 2015 *RMB'000*	31 December 2014 *RMB'000*
Within 3 months	**726,534**	498,348
4 to 6 months	**193,610**	354,420
7 to 12 months	**111,693**	198,959
1 to 2 years	**52,245**	45,144
Over 2 years	**7,278**	4,574
	1,091,360	1,101,445

Trade receivables of the Group represent proceeds receivables 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.

As at 30 June 2015, certain trade receivables of UK NVC with carrying amounts of RMB33,168,000 (31 December 2014: RMB40,948,000) were pledged to secure the bank borrowings of UK NVC as further set out in note 11 to the interim condensed consolidated financial statements.

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

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
Within 6 months	**196,189**	148,474

As at 30 June 2015, except for the trade receivables with maturity more than one year mentioned above, the fair values of trade and bills receivables approximate to their carrying amounts largely due to the short-term maturities.

10. TRADE AND BILLS PAYABLES

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

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
Trade payables to third parties	**490,243**	550,775
Trade payables to related parties	**30,633**	47,280
Bills payables to third parties	**76,547**	–
Bills payables to related parties	**11,341**	–
	608,764	598,055
Turnover of average trade and bills payables (in days) [1]	**78.1**	74.1

[1] Average trade and bills payables equal trade and bills payables at the beginning of the period plus trade and bills payables at the end of the period, divided by two. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and then multiplied by 180 or 365.

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

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
Within 3 months	**551,027**	538,480
4 to 6 months	**12,209**	24,022
7 to 12 months	**26,422**	19,033
1 to 2 years	**18,425**	16,087
Over 2 years	**681**	433
	608,764	598,055

As at 30 June 2015, the fair values of trade and bills payables approximate to their carrying amounts largely due to the short-term maturities.

11. INTEREST-BEARING LOANS

	30 June 2015			31 December 2014		
	Contractual interest rate (%)	**Maturity**	***RMB'000***	Contractual interest rate (%)	Maturity	*RMB'000*
Current						
Bank loans – secured	**Base*+1.90**	**On demand[1]**	**33,168**	Base*+1.90	On demand	40,948
	5.35%	**10 April 2016[2]**	**27,800**			–
	5.35%	**30 April 2016[2]**	**22,200**			–
	3.20%	**3 June 2016[3]**	**100,366**			–
Total			**183,534**			40,948

1 The secured bank loan represented a GBP-dominated secured facility amounting to GBP5,000,000 (31 December 2014：GBP5,000,000), of which GBP3,440,000 (31 December 2014: GBP4,291,000) had been utilised as at the end of the Period under Review. The bank loan was secured by the pledge over certain trade receivables amounting to RMB33,168,000 (31 December 2014: RMB40,948,000) as mentioned in note 9 and short-term deposits amounting to RMB51,000,000 (31 December 2014: RMB54,100,000). In accordance with the contract, the loan was repayable upon the collection of the factored trade receivables and carried a floating interest rate based on the Base plus 1.90%.

2 The secured bank loans represented a RMB-denominated secured facility with limit amounting to RMB50,000,000 (31 December 2014: Nil), of which RMB50,000,000 (31 December 2014: Nil) had been utilised at the end of the Period under Review. The bank loan was secured by the pledge over certain short-term deposits amounting to RMB51,850,000 (31 December 2014: Nil).

3 The secured bank loan represented a RMB-denominated loan of RMB100,366,000 (31 December 2014: Nil) in relation to the discounting of bills receivables with the right of recourse, of which the principal amount is RMB103,304,000 (31 December 2014: Nil) and the deductible un-amortised interest adjustment cost is RMB2,938,000. The bank loan was secured by the pledge over certain short-term deposits amounting to RMB100,000,000 (31 December 2014: Nil).

* "Base" means the Bank of England base rate.

As at 30 June 2015, the fair value of interest-bearing loans approximate to their carrying amounts largely due to the short-term maturities.

12. CONTINGENT LIABILITIES

(a) As at 30 June 2015, contingent liabilities not provided for the interim condensed consolidated financial statements were as follows:

	30 June 2015 *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000* (Audited)
Guarantees given to two banks and a finance company in connection with facilities granted to:		
Two PRC companies and an individual/a PRC company	**137,500**	62,000

As at 30 June 2015, the facilities guaranteed by the Group to two PRC companies and an individual (31 December 2014: a PRC company) was utilised to the extent of approximately RMB129,497,000 (2014: RMB60,000,000).

(b) As disclosed in the Group's annual report for the year ended 31 December 2014, the Group is currently a defendant in a lawsuit brought by a PRC bank alleging that the Group should assume guarantee liabilities (as disclosed in (a) above, for year ended 31 December 2014) according to a guarantee agreement entered into by NVC China and the PRC bank. The Directors consider that the likelihood of the Group sustaining losses from the guarantee is remote and, accordingly, have not provided for any claim arising from the litigation, other than the related legal and other costs. For details, please refer to the Group's annual report for the year ended 31 December 2014.

In addition to the legal proceeding mentioned above, in July 2015, the Group became aware of that NVC China had become a defendant in a complaint brought by a PRC bank alleging that NVC China was jointly liable as a guarantor for the obligations of En Wei Xi owed to the PRC bank amounting to RMB35,497,000 and plus interest thereon in connection with an agreement with a facility amount of RMB35,500,000. In August 2015, the Group became aware of the other complaint through a court notification announcing the commencement of a legal action by a finance company against NVC China and other individuals and entities, for the repayment of a loan in the sum of RMB34,000,000 together with interest in connection with an agreement with a facility amount of RMB40,000,000.

The Group is obtaining more details of the above two new complaints, and is seeking legal advice in relation to the implications.

13. PLEDGE OF ASSETS

As at 30 June 2015, in addition to the pledged assets mentioned in note 11, the following assets of the Group were pledged, as applicable:

(1) In accordance with several letters of bank acceptance, deposits with carrying amounts of RMB40,666,000 (31 December 2014: Nil) were pledged for issuing bank acceptance.

(2) In accordance with several agreements for issuing letters of guarantee, deposits with carrying amounts of RMB8,001,000 (31 December 2014: RMB10,428,000) were pledged.

(3) The amount represented deposits with carrying amounts of RMB1,000,000 (31 December 2014: RMB1,500,000) were pledged for application of assets preservation.

14. INVESTMENT IN SUBSIDIARY

On 26 January 2015, Huizhou NVC, a wholly-owned subsidiary of the Group, established Zhongshan NVC with three natural persons where Huizhou NVC holds 50% of the equity interest. The principal activities of Zhongshan NVC comprise the research, development, manufacture and sale of lamps, luminaries and LED lighting products, with a registered capital of RMB15,000,000.

According to an agreement entered into between the Group and an individual shareholder who held 4% of shareholdings of Zhongshan NVC, the voting rights of 4% shareholdings owned by this individual shareholder were granted to the Group.

Based on the above, Zhongshan NVC is considered as a subsidiary of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

During the Period under Review, the global economy showed an overall moderate recovery trend, and the market performances of different economies varied. In the U.S., the long-term moderate economic recovery continued albeit an unexpected economic contraction for the first quarter. In Europe, the economy climbed slowly with a clear recovery signal in the short run. In Japan, the economic recovery continued to turnaround benefiting from a series of stimulus policies by the government. While the emerging market faced an overall economic slowdown and capital outflow.

At present, China's economy is under a difficult transformation period with the gradual implementation of in-depth policies and structural adjustment. On the other hand, the implementation strategies including the "One Belt, One Road" and "Internet Plus" will bring about long-term growth impetus to the economy. Promoting the usage of high energy-efficient lighting products will not only benefit the sustainable energy utilization and environmental protection, but also facilitate the formation of new economic growth drivers. Based on the statistics from CSA (China Solid State Lighting Alliance) Research, the scale of China's semiconductor lighting industry reached RMB179.3 billion during January to May 2015, representing an increase of 22.7% as compared with the Corresponding Period of last year.

At present, the substitution of traditional lighting by LED lighting, gradual combination of traditional marketing model with e-commerce model, and transformation of price competition into competition relying on technology and quality are in a crucial stage all over the world. According to the information from National Bureau of Statistics of China, during January to April 2015, China's LED industry recorded an accumulated production of 107,070 million lights, representing an increase of 36.4% as compared with the Corresponding Period. LED lighting industry was also reshuffling to shut down or phase out enterprises successively while recording a robust production growth. Intensive price competition as a result of excessive capacity increasingly squeezed corporate profits. Several LED listed companies published results warning that their profitability in the first half of the year will be reduced. An industry pattern was gradually formed during the course of developing toward maturity of the LED lighting industry. Only through enhancing comprehensive strength of the brand, strengthening technology innovation, implementing merger and acquisition and transforming marketing strategies, an enterprise is able to gain competitive edges, making it remain invincible in intensified market competition.

Progress on actions related to Mr. WU Changjiang

In order to push ahead with the Company's investigation progress into the potential impact arising from the alleged unlawful conduct of its former chief executive officer and executive director Mr. WU Changjiang, and the former vice presidents of the Company removed by the board of the Company on 8 August 2014, an external independent professional adviser was engaged to conduct: (1) a forensic review in respect of the purported entering into of certain pledge/guarantee agreements and alleged 20-year licensing agreements by Mr. WU Changjiang, and the freezing and withdrawal of funds pursuant to the alleged agreements; and (2) a separate internal controls assessment of the Company and its key subsidiaries, the purpose of which is to provide the Company with an internal controls assessment in the context of alleged unauthorised connected party transactions that occurred at NVC China in 2013 and 2014. Please refer to the announcement published on 19 July 2015 for the main results of the forensic review and internal controls assessment.

Business Review

During the Period under Review, the Group entered into a post-crisis rectification period, during which the development strategies were adjusted and a series of internal and external control measures were implemented to consolidate the Group's position in the industry. For domestic sales, the Group divided sales organizational structure internally to provide tailor-made services for each segmented market. The Group established e-commerce and O2O business departments to carry out on-line sales business. The Group established a subsidiary which is principally engaged in household lighting appliances business to expand its business into household lighting business sector. In market management, the Group screened and rectified market outlets, including closed backward outlets, pooling advantageous resources on outlets with good results, improved single store sales and operation efficiency. In overseas market, the Group optimized its organizational structure internally to reduce operating costs while sorting out its existing market channels as well as focusing on improving the operating ability of engineering pipes. In production management, the Group established a central planning center and refined production office, promoted refined management, improved our profitability through optimization process and stringent cost control. Meanwhile, the Group has established a risk control department and issued a series of risk management and internal control systems, in order to strengthen ordinary supervision and management and ensure the sound development of the Group. For ensuring the vitality of sustainable product innovation, the Group launched the brand-new Leiting LED lighting products during the Period under Review. Applying flip-chip and dual-core led, the first batch of such products with upgraded anti-counterfeiting features has technical, competitive and appearance advantages. Therefore, its large-scale application will not only effectively save the cost, but also help the Group gain more market share.

Sales and Distribution

As for the NVC Brand in the PRC market, the Group maintained 36 exclusive regional distributors during the Period under Review. As at 30 June 2015, the exclusive regional distributors of the Group had a total of 3,437 exclusive outlets (100.0% coverage rate in the provincial capital, 96.8% coverage rate in the prefecture-level cities, 65.9% coverage rate in the county-level cities, and 2.3% coverage rate in town centers), representing a decrease of 268 outlets as compared with the Corresponding Period, such decrease was mainly due to the shutdown of some underperformed outlets and rectification of outlets so as to utilize resources tactfully in improving outlets' operating efficiency. Apart from this, the exclusive regional distributors also developed 1,521 exhibition walls and exhibition counters, representing an increase of 241 outlets as compared with the Corresponding Period. In addition to physical exclusive outlets, the Group also endeavored to transform its sales into internet marketing. During the Period under Review, the Group's e-commerce business recorded a significant growth. The Group will gradually extend its coverage across the PRC. Furthermore, the Group set up a subsidiary specializing in household lighting appliances to expand toward the household sector. During the Period under Review, sales of household lighting appliances reached RMB283,102,000. However, revenue from traditional lighting products continued to decline due to the intensified market competition and the impact of LED lighting products. During the Period under Review, total turnover of NVC brand products in China decreased by 3.1% from the Corresponding Period to RMB947,780,000.

As for the NVC Brand in the international market, during the Period under Review, the Group concentrated on consolidating and developing existing key markets, as well as conducting an in-depth brand promotion by sponsoring the Federation International de Natation ("FINA") Diving World Series 2015. During the Period under Review, the distributors of the Group set up exclusive outlets in Vietnam, Chile and Kenya. Moreover, the Group made another breakthrough in the engineering project by winning the bid in lighting projects of Oman pavilion and Qatar pavilion of the Milan Universal Exposition. NVC brand was recognized as a qualified supplier by foreign major institutions such as the Ministry of Internal Affairs and Ministry of Justice of Saudi Arabia. Due to the rapid contraction of traditional lighting market and the low popularity of LED lighting products, the total turnover of NVC brand products in international market was RMB190,370,000 during the Period under Review, representing a decrease of 9.4% as compared with the Corresponding Period.

For the non-NVC brands in both PRC and international markets, the Group mainly provided well-known lighting enterprises with energy-saving lamps, tubes and accessories in the form of ODM. The non-NVC brands of the Group remained comprising of products including traditional energy-saving lamps, energy-saving light tubes and appliances. Under the impact by LED lighting products, the Group adjusted its operation and successfully maintained orders by grasping the needs of key customers and providing specialized services for them. Also, the Group increased resources in research and development of LED lighting products to satisfy different needs of the customers. During the Period under Review, the total turnover of the non-NVC brand products increased by 23.2% to RMB634,097,000 from the Corresponding Period.

Product Research, Development and Design

Research and development is one of the core competitiveness of the NVC brand. Leverage on the avant-garde layout of upstream and downstream integration and accumulated strengths of LED chip technologies in application area over years, the Group further sought higher price-performance ratio of products and lower cost of mass-manufacturing during the Period under Review. During the Period under Review, the Group launched a massive "Leiting Action" to supply all outlets of the forthcoming new Leiting LED lighting products. Applying flip-chip and dual-core led, the first batch of new Leiting series products with upgraded anti-counterfeiting features has advanced and reliable technological, market competitive and appearance advantages. It is anticipated that such products will help the Group gain more market share. Furthermore, the Group applied for 23 new patents, with 23 patents approved and granted during the Period under Review. During the Period under Review, the Group invested RMB23,982,000 in the research and development projects, accounting for 1.4% of the Group's revenue. As at 30 June 2015, the Group had a workforce of 254 in design and research and development.

Brand Promotion

During the Period under Review, the Group utilised new technologies and models of the Internet as its brand promotion strategy. In traditional promotion channels, the Group carried out the national online and offline large terminal carnival sales campaign on May Day across over 1,300 sales outlets, which created a positive and overwhelming terminal sales atmosphere. In internet marketing, the Group made a deep brand promotion mainly via WeChat, Weibo and other social media to enhance the influence of NVC brands among young consumer groups. Meanwhile, taking the opportunity of the FINA Diving World Series, the Group planned a series of dream fulfilling activities named the "Journey of Lighting up Your Dreams" and held product launches in Middle East, which showed its strong corporate strength and accelerated the brand globalization strategy of the Group. In June 2015, The Group was rated as the "Top 500 Valuable in China" with a brand value of RMB11.57 billion, which is the only enterprise to receive this honor in the lighting industry of China for three consecutive years.

FINANCIAL REVIEW

Revenue

Revenue represents the net amount of the invoiced value of goods sold, after allowances for returns and trade discounts. During the Period under Review, the turnover of the Group amounted to RMB1,772,247,000 representing an increase of 4.1% as compared with the Corresponding Period. Amidst the slow global economic growth and intensified competition in the lighting industry, the Group kept up the growth momentum of the LED lighting products through enhancing the research and development of new LED lighting products and technology upgrading. It also set up a subsidiary specializing in household lighting appliances to expand its business into the household lighting business sector, resulting in a significant growth in sales of LED lighting products and household lighting products. However, due to the replacement and elimination of traditional lighting products, as well as the reduction in capacity, market demand and selling prices, revenue derived from major traditional lighting product lines declined in different extent.

Revenue by product segments

The table below 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		
	2015	2014	Growth rate
	RMB'000	*RMB'000*	
Luminaire products	**1,060,923**	1,086,439	-2.3%
Lamp products	**580,272**	500,564	15.9%
Lighting electronic products	**131,052**	116,204	12.8%
Total	**1,772,247**	1,703,207	4.1%

During the Period under Review, the sales of luminaire products decreased by 2.3%, mainly due to the slower growth rate of LED luminaire products as it stepped into a stable development stage and the continued decline production and prices of traditional luminaires products resulting from its gradual replacement and elimination. Sales of lamp products and lighting electronic products recorded an increase of 15.9% and 12.8% respectively. The lamp products and lighting electronic products of the Group are mainly comprised of ODM products for famous international companies. During the Period under Review, demand and growth in order were stable in developed markets such as North America and Europe, together with the subsidiaries' centralized research and development of LED lighting products, the Group's sales of lamp products and lighting electronic products increased.

Revenue by geographical locations, NVC brand sales and non-NVC brand sales

The table below sets forth the revenue by geographical locations, 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		
	2015	2014	Growth rate
	RMB'000	*RMB'000*	
Sales revenue from PRC			
NVC brand	**947,780**	978,246	-3.1%
Non-NVC brand	**157,992**	136,634	15.6%
Subtotal	**1,105,772**	1,114,880	-0.8%
Sales revenue from international market			
NVC brand	**190,370**	210,120	-9.4%
Non-NVC brand	**476,105**	378,207	25.9%
Subtotal	**666,475**	588,327	13.3%
Total	**1,772,247**	1,703,207	4.1%

Revenue by LED lighting products and non-LED lighting products

The table below sets forth our revenue from LED lighting products and non-LED lighting products and the growth rate of each item.

	Six months ended 30 June		
	2015	2014	Growth rate
	RMB'000	*RMB'000*	
LED lighting products	**604,264**	512,144	18.0%
Non-LED lighting products	**1,167,983**	1,191,063	-1.9%
Total	**1,772,247**	1,703,207	4.1%

Cost of sales

Cost of sales mainly consists of the cost of raw materials, outsourced manufacturing costs, direct and indirect labor costs and indirect costs. Major raw materials of the Group include iron, aluminum 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			
	2015		2014	
	RMB'000	***Percentage in revenue (%)***	*RMB'000*	*Percentage in revenue (%)*
Raw materials	**889,459**	**50.2%**	979,959	57.5%
Outsourced manufacturing costs	**253,843**	**14.3%**	104,812	6.2%
Labor costs	**162,146**	**9.1%**	153,448	9.0%
Indirect costs	**85,860**	**4.9%**	83,411	4.9%
Total cost of sales	**1,391,308**	**78.5%**	1,321,630	77.6%

During the Period under Review, the cost of sales as a percentage to revenue increased from 77.6% to 78.5%, the gross profit margin decreased from 22.4% to 21.5% accordingly, mainly due to insufficient orders and adjustments in sales prices of traditional lighting products and changes in product mix.

Gross profit and gross profit margin

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

During the Period under Review, gross profit of the Group was RMB380,939,000, representing a decrease of 0.2% as compared with the Corresponding Period, gross profit margin decreased from 22.4% to 21.5%. The 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			
	2015		2014	
	RMB'000	***(%)***	*RMB'000*	*(%)*
Luminaire products	**254,369**	**24.0%**	258,878	23.8%
Lamp products	**103,226**	**17.8%**	103,002	20.6%
Lighting electronic products	**23,344**	**17.8%**	19,697	17.0%
Total	**380,939**	**21.5%**	381,577	22.4%

During the Period under Review, gross profit margin of luminaire products increased by 0.2% to 24.0% as compared with the Corresponding Period, which is mainly attributable to the gradual maturity of LED luminaire products' technology and rigorous cost control measures by the Group. As a result, the gross profit margin of LED luminaire products increased by 2.9% to 27.2% as compared with the Corresponding Period. The gross profit margin of household lighting products increased by 7.5% to 27.2% as compared with the Corresponding Period due to significant contribution by the subsidiary specializing in household lighting appliances to the gross profit margin of luminaire products. Gross profit margin of lamp products decreased by 2.8% to 17.8% as compared with the Corresponding Period, which is mainly due to the unsaturated production capacity and decline in selling price of fluorescent lamps. Gross profit margin of lighting electronic products increased by 0.8% to 17.8% as compared with the Corresponding Period, such increase was mainly attributable to a decrease in raw material prices and the changes in product mix.

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

	Six months ended 30 June			
	2015		2014	
	RMB'000	*(%)*	*RMB'000*	*(%)*
Gross profit from PRC sales:				
NVC brand	**222,940**	**23.5%**	245,039	25.0%
Non-NVC brands	**21,646**	**13.7%**	19,455	14.2%
Subtotal	**244,586**	**22.1%**	264,494	23.7%
Gross profit from international sales:				
NVC brand	**46,014**	**24.2%**	46,326	22.0%
Non-NVC brands	**90,339**	**19.0%**	70,757	18.7%
Subtotal	**136,353**	**20.5%**	117,083	19.9%
Total	**380,939**	**21.5%**	381,577	22.4%

(iii) The table below sets forth the gross profit and gross profit margins of LED lighting products and non-LED lighting products:

	Six months ended 30 June			
	2015		2014	
	RMB'000	*(%)*	*RMB'000*	*(%)*
LED lighting products	**151,806**	**25.1%**	119,702	23.4%
Non-LED lighting products	**229,133**	**19.6%**	261,875	22.0%
Total gross profit	**380,939**	**21.5%**	381,577	22.4%

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 3 to the interim condensed consolidated financial statements on page 8 of this announcement). 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 licenced our trademark to a limited number of lighting product manufacturers in the PRC and received 1% to 3% of the licencees' annual turnover as trademark licence fees. During the Period under Review, other income and gains were RMB42,995,000, representing a decrease of 1.7% as compared with the Corresponding Period, mainly due to the decrease in trademark licence fees and interest income.

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, travelling expenses, depreciation and amortisation, insurance fees and other miscellaneous costs.

During the Period under Review, our selling and distribution costs were RMB152,937,000, representing a decrease of 13.0% as compared with the Corresponding Period, which was mainly attributable to a cut in advertising and promotion expenses and controlled office expenses. Our selling and distribution costs as a percentage of revenue dropped from 10.3% to 8.6%.

Administrative expenses

Our administrative expenses mainly consist of employee costs, amortisation and depreciation, research and development cost, office expenses and others. Others mainly include taxes, audit fees, other professional fees, bad debt provision 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 RMB186,337,000, representing an increase of 21.9% as compared with the Corresponding Period. The increase was mainly attributable to the increases in staff costs and the legal consultation fees arising from the litigations of last year. Our administrative expenses as a percentage in revenue increased from 9.0% to 10.5%.

Other Expenses

Our other expenses mainly consist of fair value losses from derivative financial instruments, loss on sale of property, plant and equipment and scrap materials, donations and other miscellaneous items.

Finance Costs

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

Share of (Losses)/Profits of Associates

This item represents the Group's share of net losses or net profits in the associates during the Period under Review.

Income Tax Expense

During the Period under Review, the Group's income tax expense decreased by 7.6% to RMB21,724,000 as compared with the Corresponding Period, which was mainly due to the reduced profit before tax during the Period under Review.

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

Our net profit for the period (including profit attributable to non-controlling interest) amounted to RMB55,205,000 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 were RMB1,542,000. These losses primarily arose 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

Due to the factors mentioned above, profit attributable to owners of the parent was RMB17,073,000 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 RMB38,132,000 for the period.

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 2015 *RMB'000*	31 December 2014 *RMB'000*
CURRENT ASSETS		
Inventories	**596,665**	689,333
Trade and bills receivables	**1,261,980**	1,218,824
Prepayments, deposits and other receivables	**405,509**	342,140
Other current assets	**28,027**	34,369
Restricted bank balance and short-term deposits	**312,115**	125,233
Cash and cash equivalents	**775,954**	796,694
Sub-total current assets	**3,380,250**	3,206,593
CURRENT LIABILITIES		
Trade and bills payables	**608,764**	598,055
Other payables and accruals	**372,284**	383,758
Interest-bearing loans	**183,534**	40,948
Government grants	**2,078**	2,137
Income tax payable	**23,963**	18,828
Derivative financial instruments	**1,618**	–
Sub-total current liabilities	**1,192,241**	1,043,726
NET CURRENT ASSETS	**2,188,009**	2,162,867

As at 30 June 2015 and 31 December 2014, the total net current assets of the Group amounted to RMB2,188,009,000 and RMB2,162,867,000, respectively, and the current ratio was 2.84 and 3.07, respectively. In light of our current liquidity position, the unutilised banking facilities available to the Group and our projected cash inflows 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 table below sets out our gearing ratio as at the end of the Period under Review.

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
Interest-bearing loans	**183,534**	40,948
Total debt	**183,534**	40,948
Less: cash and short-term deposits (excluding restricted bank balance)	**(1,033,628)**	(867,799)
Net debt	**N/A**	N/A
Total equity attributable to owners of the parent	**3,263,693**	3,247,462
Gearing ratio	**N/A**	N/A

The primary goal of our capital management is to maintain the stability and growth of our financial position. We regularly review and manage our capital structure and make corresponding adjustments, after 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 owners of the parent). Net debt is the balance of interest-bearing loans less cash and short-term deposits (excluding restricted bank balance).

Capital Expenditure

We finance 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 other intangible assets. During the Period under Review, our capital expenditure amounted to RMB29,429,000, mainly consist of the addition of machinery, moulds, non-production equipment and intangible assets.

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.

Capital Commitments

As at 30 June 2015, we had capital commitments of RMB7,413,000 for the acquisition of property, plant and equipment.

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

As a lessee, we leased certain of our office properties under operating lease arrangements, with leases negotiated for terms ranging from one to five years. There are no restrictions placed on us by entering into these leases. As at the end of the Period under Review, our total future minimum lease payments under non-cancellable operating lease falling due in the next five years will be RMB20,829,000.

As a lessor, we leased plants and offices under operating lease arrangements with leases negotiated for terms ranging from one to five years. The terms of the leases generally require tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market conditions. As at the end of the Period under Review, our total future minimum lease receivables under non-cancellable operating leases falling due in the next five years will be RMB1,535,000.

FUTURE PROSPECTS

Looking forward, while continuing to optimize internal management, the Group will capture external development opportunities brought by the "One Belt, One Road" and "Internet Plus" polices and leverage the brand's strength, to thoroughly get through online and offline channels, thus driving itself into a new development stage. The sales outlets across the country are the Group's competitive advantages recognized by the industry. In future, the Group will adopt both exploration and expansion strategies to fully rectify and upgrade existing outlets and raise operational efficiency. While continuing to extend its coverage into county-level outlets, the Group will also aggressively build a mature engineering channel operation team to secure engineering resources with higher quality. For overseas market, in addition to intensify the cultivation of existing mature channels, the Group will also actively identify opportunities of appropriate merger and acquisition to explore sales channels. For other regions such as the Middle East, the Group will focus on construction projects to build itself into a one-stop provider of professional lighting solutions. Regarding Internet O2O business, the Group is starting its national deployment in order to establish O2O marketing system and seize the opportunities arising from online business, ultimately achieving retail sales growth. In internal management, the Group has established a risk control department to further strengthen the construction of corporate risk management and internal control system, as well as safeguard the interests of the shareholders, employees, distributors and suppliers while ensuring the effective and sustainable development of the Group.

EVENTS AFTER THE PERIOD UNDER REVIEW

The Company recently became aware of two complaints (the "Complaints") filed against NVC China. One was issued by a bank (the "Bank") in the Chongqing First Intermediate People's Court, alleging that NVC China together with other individuals and entities, are jointly liable as guarantors for the obligations of En Wei Xi owed to the Bank amounting to RMB35,497,000 and interest thereon, arising from an alleged financing contract. NVC China's alleged obligation arises from a guarantee agreement ("Purported Guarantee") that Mr. WU Changjiang entered into with the Bank purportedly on behalf of NVC China. The Company became aware of the other complaint through a court notification announcing the commencement of a legal action by a finance company in the Chongqing First Intermediate People's Court against NVC China and other individuals and entities, for the repayment of a loan in the sum of RMB34,000,000, together with interest. The Company is obtaining more details of the complaints and is seeking legal advice in relation to the implications.

For details of the above matters, please refer to the Company's announcements dated 6 July 2015, 13 August 2015 and 18 August 2015.

CONNECTED TRANSACTIONS, POSSIBLE CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Apart from the connected transactions and possible connected transactions as disclosed in its announcements dated 8 October 2014, 19 November 2014 and 13 May 2015, the Company recently became aware of the Purported Guarantee as described above under "Events After the Period Under Review". The Purported Guarantee was apparently entered into by Mr. WU Changjiang, purportedly on behalf of NVC China, to guarantee certain obligations of En Wei Xi owed to the Bank. As En Wei Xi is an associate of Mr. WU Changjiang, our former director, and a connected person of the Company, in the event that the Purported Guarantee is determined to be legally valid, the provision of such a guarantee for the benefit of En Wei Xi would constitute a connected transaction under the Listing Rules. The Board would like to reiterate that the entering into of the Purported Guarantee was not carried out with the knowledge of the current Board. Please refer to the announcement of the Company dated 13 August 2015 for more details.

During the Period under Review, the continuing connected transactions of the Group, which were announced previously, do not exceed the applicable annual caps disclosed in the announcements dated 19 December 2012, 11 June 2013 and 28 August 2013, respectively.

MERGERS AND ACQUISITIONS

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

We did not use the proceeds from the Global Offering in a manner different from those set out 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 to our financial results.

Foreign Currency Risk

We are exposed to transactional currency risk. Such risk arises from sales or procurement by an operating unit in currencies other than its functional currency. As a result, we are exposed to fluctuations in the exchange rate between the functional currencies and foreign currencies. During the Period under Review, the Group had entered into several forward currency contracts in place to hedge the foreign exchange exposure, and did not experience any material difficulties or negative impacts 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 did not enter 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 goal 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

Our major credit risk arises from exposure to a substantial number of trade and bills receivables and prepayments, deposits and other 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 risk exposure to any financial institutions. The carrying amounts of trade and bills receivables, prepayments, and deposits and other receivables, cash and cash equivalents and short-term deposits included in the consolidated statement of financial position 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 2014, we entered into a number of one-year insurance contracts with China Export & Credit Insurance Corporation, which covered up to 85% of uncollectible receivables from PRC sales and 90% uncollectible receivables from international sales during the period from 1 December 2014 to 30 November 2015 with a maximum compensation amount of RMB32,000,000 for PRC sales and US$30,000,000 (equivalent to approximately RMB183,570,000) for international 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 when they become due.

INTERIM DIVIDEND

The Board proposed not to declare an interim dividend for the six months ended 30 June 2015 (Corresponding Period: HK1 cent per share).

EMPLOYEES

As at 30 June 2015, the Group had approximately 8,667 employees in total (31 December 2014: 8,414). The Group regularly reviews 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 contributions, employee provident fund schemes, and discretionary incentive and share option schemes.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

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.2.1 which requires that the role of chairman and chief executive officer should be separated and should not be performed by the same person. Given that Mr. WANG Donglei assumed the roles of both chairman and chief executive officer, the Company deviated from this code provision. Mr. WANG Donglei is the chairman and general manager of Elec-Tech International Co., Ltd. ("Elec-Tech"), which is the controlling corporation of the largest shareholder of the Company, Elec-Tech International (H.K.) Company Limited. Mr. WANG Donglei has many years of experience in product research and development, manufacturing and business management. The dual role arrangement provides strong and consistent market leadership and is critical for efficient business planning and decision making of the Company. As all major decisions are made in consultation with members of the Board and its other relevant committees, and there are four Independent Non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purposes of complying with the Code and maintaining a high standard of corporate governance practices of the Company. Save as disclosed above, the Company had fully complied with the principles and code provisions as 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 (the "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 Company. During the Period under Review, Mr. WANG Jinsui resigned as an Independent Non-executive Director with effect from 2 February 2015, therefore, he ceased to be the member of Audit Committee. Mr. WANG Xuexian has been appointed as a member of Audit Committee by the Board on the same date. Currently, the Audit Committee consists of three members, namely Non-executive Director Mr. LIN Ho-Ping, Independent Non-executive Director Mr. LEE Kong Wai, Conway and Independent Non-executive Director Mr. WANG Xuexian, 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 2015.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "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. WANG Jinsui resigned as an Independent Non-executive Director with effect from 2 February 2015, therefore, he ceased to be the Chairman of the Remuneration Committee. Mr. WEI Hongxiong has been appointed as the Chairman of the Remuneration Committee on the same date. Currently, the Remuneration Committee consists of four members, namely, Non-executive Director Mr. ZHU Hai, Independent Non-executive Director Mr. LEE Kong Wai, Conway, Independent Non-executive Director Ms. WU Ling and Independent Non-executive Director Mr. WEI Hongxiong.

NOMINATION COMMITTEE

The Company established a nomination committee (the "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. Currently, the Nomination Committee consists of three members, namely, 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 (the "Strategy and Planning Committee") under the Board with written terms of reference. The primary duties of the Strategy and Planning Committee are to propose and formulate the strategic development plan of the Company for the Board's consideration. During the Period under Review, Mr. WANG Jinsui resigned as an Independent Non-executive Director with effect from 2 February 2015, therefore, he ceased to be the member of the Strategy and Panning Committee. Currently, the Strategy and Planning Committee consists of three members, namely, Executive Director Mr. WANG Donglei, Non-executive Director Mr. ZHU Hai, and Independent Non-executive Director Ms. WU Ling, respectively. Mr. WANG Donglei has been appointed as the Chairman of the Strategy and Planning Committee.

EMERGENCY COMMITTEE

The Company established an emergency committee (the "Emergency Committee") under the Board on 8 August 2014. Following the establishment of the Emergency Committee, an emergency situation was declared in a timely manner. The Emergency Committee has been authorised by the Board, in the event of an emergency, to exercise the powers and perform the duties on behalf of the Board, which include without limitation, (1) altering the internal organisational structure, appointing management personnel, executing business contracts, making financial payments and other matters, in compliance with applicable laws and regulations, the Listing Rules and the Articles of Association of the Company; and (2) publishing announcements on behalf of the Board on the website of the Stock Exchange. The Emergency Committee currently consists of three members, namely, Executive Director Mr. WANG Donglei, Executive Director Mr. XIAO Yu and Independent Non-executive Director Mr. WEI Hongxiong, respectively.

INDEPENDENT INVESTIGATIONS COMMITTEE

To advance the internal investigations into matters involving Mr. WU Changjiang mentioned herein, the Company has established an independent investigations committee (the "Independent Investigations Committee") under the Board. The Independent Investigations Committee has been authorised by the Board to exercise powers and perform duties on behalf of the Board in relation to the conduct of the investigations into, among other things, the alleged wrongdoing of Mr. WU Changjiang. The Independent Investigations Committee has also been authorised to consider and make recommendations to the Board with respect to any potential proceedings arising from the internal investigations. In connection with the Company's investigations of the alleged wrongdoing of Mr. WU Changjiang, the Independent Investigations Committee has instructed a third-party service provider to conduct a forensic review of related irregularities and an internal controls assessment of the Company and its key subsidiaries. The Independent Investigations Committee currently consists of four members, namely, Independent Non-executive Director Mr. LEE Kong Wai, Conway, Independent Non-executive Director Mr. WEI Hongxiong, Independent Non-executive Director Mr. WANG Xuexian, and Non-executive Director Mr. LIN Ho-Ping, respectively.

APPOINTMENT AND RESIGNATION OF DIRECTORS AND CHANGE IN DIRECTORS' INFORMATION

From 1 January 2015 to the date of this announcement, the appointment and resignation of Directors and changes in the Directors' information of the Company are as follows:

Mr. WANG Donglei has been officially appointed as the chief executive officer of the Company with effect from 21 January 2015. He was also re-designated as an Executive Director from the Non-executive Director with effect from 2 February 2015.

Mr. WANG Jinsui has resigned as an Independent Non-executive Director, the Chairman of the Remuneration Committee, the member of the Audit Committee and the member of the Strategy and Planning Committee with effect from 2 February 2015.

Mr. WANG Xuexian has been appointed as the member of the Audit Committee with effect from 2 February 2015.

Mr. WEI Hongxiong has been appointed as the Chairman of the Remuneration Committee with effect from 2 February 2015.

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

The Group's interim results for the six months ended 30 June 2015 will be included in the Company's interim report 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

The Board would like to take this opportunity to express its appreciation to the management team and staff of the Group for their contribution during the Period under Review and also to give its sincere gratitude to all the shareholders of the Company for their continued support.

DEFINITIONS

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

"Board"	the board of Directors of the Company.
"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 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 the Corporate Governance Report as set out in Appendix 14 to the Listing Rules.
"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 2015 or the six months ended 30 June 2014 (as the context may require).
"Director(s)"	the director(s) of the Company.
"En Wei Xi"	Chongqing En Wei Xi Industrial Development Co., Ltd.* (重慶恩緯西實業發展有限公司), a limited liability company incorporated in the PRC and owned as to 40% by Mr. Wu Xianming, Mr. Wu Changjiang's father-in-law.
"Group"	the Company and its subsidiaries.
"GBP"	Great Britain Sterling Pound, the lawful currency of the United Kingdom.
"HK$"	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.
"HID"	high intensity discharge.
"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.
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

"NVC Brasil"	NVC Lighting Do Brasil Commercial Import and Export Co., Ltd. a limited liability company incorporated in Brazil, 51% equity interest of which is held by Hong Kong TYU Technology Co., Ltd., our wholly-owned subsidiary, and the remaining 49% equity interest of which is held by NVC Brasil Technology Co., Ltd.
"NVC China"	NVC Lighting (China) Co., Ltd.* (雷士照明（中國）有限公司) (formerly known as 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.
"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.
"O2O"	Online to Offline, referring to the combination of business opportunity offline and internet to enable internet to become the platform of offline transactions.
"Period under Review"	the six months ended 30 June 2015.
"Purported Guarantee"	a guarantee dated 16 October 2013 entered into by Mr. WU Changjiang purportedly on behalf of NVC China under which NVC China purportedly agreed to guarantee En Wei Xi's obligations under all agreements entered into by En Wei Xi and a PRC bank during the period from 16 October 2013 to 15 October 2014, up to RMB35,500,000.
"RMB"	Renminbi, the lawful currency of the PRC.
"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.
"U.S.A." or "U.S."	the United States of America, its territories, its possessions and all was subject to its jurisdiction.
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States.
"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.

"we", "us" or "our"	the Company or the 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 New Energy Group Co., Ltd.* (浙江同景新能源集團有限公司).
"Zhongshan NVC"	Zhongshan NVC Decorative Lighting Technology Co., Ltd.*(中山雷士燈飾科技有限公司), a limited liability company incorporated in the PRC on 26 January 2015, 50% equity interest of which is held by Huizhou NVC and the remaining 50% equity interest of which is held by Messrs LI Guanmin, SUN Chunhui and XU Zhenshan.

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

SUSPENSION OF TRADING

Trading in shares of the Company has been suspended with effect from 9:00 a.m. on 11 August 2014 and will remain suspended until further notice.

By Order of the Board
NVC LIGHTING HOLDING LIMITED
Chairman
WANG Donglei

Hong Kong, 27 August 2015

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

Executive Directors:
WANG Donglei
WANG Dongming
XIAO Yu
XIONG Jie

Non-executive Directors:
LIN Ho-Ping
ZHU Hai
LI Wei

Independent Non-executive Directors:
LEE Kong Wai, Conway
WU Ling
WANG Xuexian
WEI Hongxiong