Olympic Council of Asia

亚奥理事会照明及服务合作伙伴
OCA Lighting and Service Cooperation Partner

OCA LIGHTING AND SERVICE
COOPERATION PARTNER

INTERIM REPORT 2011

NVC 雷士照明

雷士照明控股有限公司

NVC LIGHTING HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2222

Contents

Corporate Information

Executive Directors	WU Changjiang MU Yu
Non-executive Directors	YAN Andrew Y LIN Ho-Ping HUI Ming Yunn, Stephanie
Independent non-executive Directors	Alan Russell POWRIE Karel Robert DEN DAAS WANG Jinsui
Joint Company Secretaries	LO Yee Har, Susan KAM Mei Ha, Wendy
Authorized Representations	WU Changjiang LO Yee Har, Susan
Registered Office	Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KYI-1111 Cayman Islands
Headquarters	NVC Industrial Park Ruhu Town, Huizhou City Guangdong Province PRC
Principal Place of Business in Hong Kong	Level 28, Three Pacific Place, 1 Queen's Road East Hong Kong
Corporate Website	www.nvc-lighting.com.cn
Investor Relations	E-mail: nvc@prasia.net

Corporate Information

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

Financial Highlights

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Revenue	**266,992**	204,034
Gross profit	**70,311**	55,377
Profit before tax	**47,242**	30,097
Profit for the period *(Note 1)*	**40,654**	27,095
Profit for the period attributable to		
Owners of the Company	**39,575**	25,934
Non-controlling interests	**1,079**	1,161
Earnings per share attributable to ordinary equity holders of the Company		
Basic	**1.28 US cents**	1.1 US cents
Diluted	**1.25 US cents**	1.0 US cent

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

	30 June	31 December
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Non-current assets	**217,517**	186,796
Current assets	**481,125**	440,002
Current liabilities	**128,142**	99,177
Net current assets	**352,983**	340,825
Total assets less current liabilities	**570,500**	527,621
Non-current liabilities	**33,940**	31,358
Total equity	**536,560**	496,263
Attributable to:		
Owners of the Company	**531,187**	492,261
Non-controlling interests	**5,373**	4,002

Management Discussion and Analysis

Market Review

In the first half of 2011, the global economy slowly recovered amidst turbulence but the risk of global economic crisis still persisted. In particular, a new round of financial and debt crisis in some European countries and the US, the high and volatile prices of bulk commodities and the global inflation were still threatening the recovery of the world's economy.

According to the latest data released by the National Bureau of Statistics of the PRC government, the gross domestic product growth rate of China was 9.6% in the first half of 2011. With the implementation of China's proactive fiscal policies and prudent monetary policies as well as the intensified macro-economic adjustment and control, China's economy is expected to achieve steady growth in the second half as it did in the first half of this year. Despite the impact of the macro-economic adjustment and control policies, the real estate industry, which is closely related to the lighting industry, has also maintained steady growth. In the first half of this year, investments in property development projects increased by 32.9% nation-wide as compared with the corresponding period of the previous year, of which, investments in the development of residential properties increased by 36.1%. As compared to the corresponding period of the previous year, the floor area of new property projects increased by 23.6%; the floor area of property projects under development increased by 31.6%; the floor area of property projects completed increased by 12.8%; the floor area of commercial property sold increased by 12.9% (of which, the floor area of residential buildings sold increased by 12.1%); and the sales revenue of property projects increased by 24.1%. With the accelerating urbanisation process in China and the continued upgrade of the consumption structure, the demand for lighting products will continue to increase.

Since 2011, the price of rare earth escalated as a result of the consolidation in the rare earth industry in China, which in turn directly led to a rapid increase in the price of phosphor powder.Also, under the pressure of domestic inflation, labour cost continued its uptrend, which put the lighting industry under considerable cost pressure.

2011 is the first year of the "Twelfth Five-year Plan" period, under which the PRC government will provide additional support for green and environmental friendly lighting products, and continue implementing the national program of promoting "high efficiency and energy-saving lighting products", and the Group has won bids for a number of promotion projects. It is expected that, with gradually maturing LED technology and the continued downtrend in prices, LED products will in future become key products to be promoted by the PRC government. Meanwhile, the second batch of pilot cities for the demonstration project of the LED lighting product applications was approved in May 2011, and the demonstration program will be launched in 16 cities, which will further expand the market of LED lighting products and create better opportunities for the development of the Group's LED lighting products business.

Management Discussion and Analysis

Business Review

During the Period under Review, faced with the pressure from the rising costs of raw materials and labour in China, the Group, being the largest domestic brand lighting product supplier in China, successfully took advantage of market opportunities, adopted effective business strategies including promoting the NVC brand profile, expanding its sales, production and product research and development capacity, enhancing the price-to-performance ratio of its products, and continuing to strengthen its close cooperation relationship with domestic exclusive regional distributors and proactively expanding its overseas markets and delivered outstanding performance and maintained its leading position in the lighting industry.

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 continued to expand its sales network with a net increase of 78 outlets. As at 30 June 2011, the Group had a total of 2,888 outlets, covering 1,928 cities of different sizes (31 provincial capitals with a 100% coverage rate, 276 municipal cities with a 96.84% coverage rate, 1,198 county and county-level cities with a 60.41% coverage rate and 423 towns or townships with a 1.24% coverage rate). The Group has expanded the shopping area of the NVC outlets, unified and upgraded their exterior appearance, and improved the management efficiency of the NVC outlets. The Group also continued to develop new products, improve the price-to-performance ratio of its products and diversify the product portfolio as well as develop large Professional Engineering Customers and chain store customers that can bring repeat sales. During the Period under Review, the Group generated sales of US$24,300,000 from Professional Engineering Customers and sales of US$24,800,000 from chain store customers that can generate repeat sales. The Group has established "Lighting Environment Experience Halls" in cities including Huizhou, Beijing, Shanghai and Nanjing to demonstrate in a physical format the concept of the NVC "Lighting Environment". Furthermore, in the bidding for the 2011 government subsidised energy-saving lighting products, the Group won a bid for the second time to supply more than 7 million units of energy-saving lighting products.

In terms of non-NVC brand sales in the PRC market, the Group mainly provided energy-saving lamp tubes and accessories to energy-saving lamp manufacturers. The Group suffered a decrease in sales in non-NVC brand products as a result of changes in market preferences for product types and increases in product prices.

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 the production of famous brand products on an ODM/OEM basis. The Group strongly promoted the sales of NVC brand products through the mainstream outlets in the UK, and transferred the successful experience there to other markets with well-established channels. The Group also continued to strengthen the development of its sales channels in emerging markets. For instance, the Group appointed its own experienced executives to develop the markets in certain countries such as Qatar, Saudi Arabia, Brazil and New Zealand. Currently, the Group has developed sales channels for NVC brand products in more than 40 countries and regions.

Management Discussion and Analysis

In terms of non-NVC brand sales in the international market, the Group promoted its sales mainly on an ODM basis. The Group continued to develop new customers, strengthened its long-term cooperation relationship with customers, developed high-performance products and improved the price-to-performance ratio so as to meet the demand of different customer groups.

Production

The Group currently has five production bases, including Huizhou city in Guangdong Province, Wanzhou District in Chongqing, Jiangshan city in Zhejiang Province and Qingpu District in Shanghai. 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 2011	35,000,000	28,000,000	124,425,000	38,532,000	4,500,000
Actual production (units) as at 30 June 2011	32,743,261	25,856,117	86,760,840	35,965,102	4,397,671
Average utilisation rate as at 30 June 2011	93.6%	92.3%	69.7%	93.3%	97.7%
Standardised hours of operation	8 hours	8 hours	12 hours	8 hours	8 hours

Notes:

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

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

Management Discussion and Analysis

Product research and development

The Group has two research and development centres, with one in Huizhou, 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$4,047,000 in research and development, representing 1.5% of the Group's total revenue. The Group developed a total of over 100 products, including various LED, HID and lighting electronic products. During the Period under Review, the laboratory of the Shanghai Research and Development Centre of the Group obtained the certificate issued by Deutscher Kraftfahrzeug uberwachungsverein (DEKRA) and two of its products passed the certification. In addition, the Group also obtained one scientific research project listed in the "National Technology Support Programme" funded by the Department of Science and Technology, and filed 25 new patent applications, and 19 patents have been approved and granted.

As at 30 June 2011, the Group had a workforce in research and development of 338, of which 114 were based in our Huizhou Research and Development Centre, 57 were based in our Shanghai Research and Development Centre and the others were based in various production bases.

Brand promotion

During the Period under Review, the Group continued to strengthen its brand recognition as a leader in the lighting industry, and strived to build up a brand that was recognised and favoured by more customers. While enhancing the impression of NVC brand in the mind of professional customers, we always commit ourselves to promoting the popularity of NVC brand in the heart of ordinary consumers. We promoted NVC brand through advertising, media coverage, sponsorship and various community charities.

During the Period under Review, the Group maintained its NVC brand awareness by launching a series of brand promotion and media activities and promoted our brand by sponsoring, organising or participating in certain important events. For instance, in January, we participated in the "China Management School Award Competition" sponsored by Peking University Business Review, and the NVC channel model won the most important "China Management School Award"; in March, we participated in the "Evaluation by China's Top 500 Real Estate Developers", and NVC brand again surpassed other domestic and foreign brands such as Philips by a preference rate of 25%, attaining the top preferred lighting brand by the Top 500 real estate developers, and we participated in the energy-saving activity of "Earth Hour Event", and NVC obtained a participation certificate from World-Wide Fund for Nature; and in June, the Group sponsored "the 8th Gold Pillow Award – China Hotel Industry" presentation ceremony and enhanced the profile of the NVC brand in the luxury hotels lighting sector. In addition, the Group took part in the National Energy Saving Week, organising our regional distributors in Gansu, Tibet, Guangdong and Beijing to disseminate the environmental protection concept and the concept of "energy-saving, low carbon economy" by way of donating energy-saving lighting products and thus strengthened the image of the NVC brand.

Prospects

Looking at the second half of the year, the Group will focus on the development of LED, overseas markets exploration, domestic sales channel expansion and brand building as well as cooperation with our new strategic shareholder and targeted acquisition and merger opportunities.

The Strategy to accelerate the development of the LED industry

The PRC government's 12th Five-year Plan supports the development of the LED industry. This will greatly promote the development and technology innovation of the entire industry, thereby accelerating the civilian use of the LED products. Since its establishment, the Group has been focusing on a sustainable development strategy by developing energy-efficient lighting products, and has adapted well to the changes in the market and technology evolutions achieving remarkable results.

The Group is now actively identifying enterprises with established brands and LED product core technology as acquisition targets, with a view to further expanding the Group's business and markets.

Expansion of presence in overseas markets

With respect to the markets with well-established channels, the Group will strongly promote the sales of NVC brand products, and transfer our successful experience to promote products in the mainstream outlets in the UK to the North American or European markets. The Group is also actively expanding in emerging markets such as the Oman and New Zealand markets where expansion is occurring in an orderly manner as planned. The Group also plans to build business relationship with five additional outlets and 30 franchise stores in four Asian countries, namely Saudi Arabia, Cambodia, Myanmar and India.

Enhancing the penetration of distribution channels and brand influence

In the second half of the year, the Group will improve the penetration of its distribution channels and further expand the coverage of its distribution network.

In July 2011, the Group became a partner to provide the Olympic Council of Asia ("OCA") luminaire products and services, whereby NVC will offer solutions in respect of professional lighting products and services for all OCA games that take place in Asia in the next four years. This marks another milestone in the history of NVC.

Currently, NVC has become a signatory supplier with the exclusive right to provide lighting products and services for the East Asian Games 2013 in Tianjin, and has formally submitted applications to the OCA for serving as an exclusive supplier of lighting products and services for the 17th Asian Games 2014 in Incheon, South Korea and for the 4th Asian Beach Games 2014 in Thailand, respectively. In addition, the Group is actively participating in providing lighting products and services for the National Games of the People's Republic of China 2014 in Shenyang, the National Peasant Games in Henan and other large events.

Management Discussion and Analysis

Introduction of a Strategic Shareholder

In July 2011, Schneider Electric Asia Pacific Limited ("Schneider") acquired approximately 9.2% of the Company's shares from existing shareholders at a price of HK$4.42 per share. In addition, we entered into a cooperation agreement with Schneider to allow them access to our distribution network in the PRC and to cooperate in the area of Project Sales. The introduction of Schneider as a strategic shareholder not only strengthens our shareholder base, but also helps both parties to benefit from their respective strengths.

The Group is committed to its philosophy and goal of "Becoming a World Brand and the Best Player in the Industry". The Group will continue to make further progress in manufacturing energy-saving and low-carbon products with its professionalism and dedication. We are committed to creating a beautiful, comfortable, safe and energy-efficient lighting environment for a wide variety of customers.

Financial Review

Revenue

Revenue represents the invoiced value of the goods sold, net of sales returns and allowances. For the six months ended 30 June 2011, the Group recorded revenue of US$266,992,000, representing an increase of 30.9% as compared with US$204,034,000 recorded in the six months ended 30 June 2010. In particular, revenue of NVC brand products in the PRC market increased by 48.6%, primarily attributable to our continuous improvement and perfection of our distribution channels with a net increase of 78 outlets, the expansion of unit outlet area and the increase of unit outlet sales. In addition, we also continued to develop new Professional Engineering Customers and chain store customers that can bring repeat sales, which together contributed an aggregate of US$49,100,000 in sales revenue. Sales of NVC brand products in the international market increased by 42.4%, which was mainly attributable to the effective sales strategy and the steady expansion of overseas markets.

Revenue by product segment

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

	Six months ended 30 June		
	2011	2010	
	US$'000	US$'000	Growth rate
Luminaire products	**152,015**	99,073	53.4%
Lamp products	**84,321**	78,030	8.1%
Lighting electronics products	**30,656**	26,931	13.8%
Total	**266,992**	204,034	30.9%

During the Period under Review, the sales of luminaire products increased by 53.4%, which was mainly attributable to the improvement of our distribution channels and increased number of outlets, and we also continued to develop new Professional Engineering Customers and chain store customers that can bring repeat sales. The sales of lamp products increased by 8.1%, of which NVC brand lamp products increased by 29.5%, mainly benefitting from energy-saving and emission reduction policies and the promotion of energy-saving lamp products by the Company, and NVC brand lamp products still have rapid growth; the sales of lighting electronics products increased by 13.8%, mainly benefitting from the increase in combined sales with luminaire products and lamp products.

Revenue by NVC brand sales and non-NVC brand sales

The following table sets forth the revenue for NVC brand products and non-NVC brand products sales during the period as indicated. Our non-NVC brand products primarily consist of ODM products.

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
NVC brand		
Luminaire products	**144,500**	93,423
Lamp products	**28,341**	21,887
Lighting electronic products	**14,492**	11,273
Subtotal	**187,333**	126,583
Non-NVC brand		
Luminaire products	**7,515**	5,650
Lamp products	**55,980**	56,143
Lighting electronic products	**16,164**	15,658
Subtotal	**79,659**	77,451
Total	**266,992**	204,034

Management Discussion and Analysis

Revenue by geography

The table below sets forth the Group's revenue from PRC and international sales during the period as indicated and the growth rate of each item.

	Six months ended 30 June		
	2011	2010	
	US$'000	US$'000	Growth rate
Revenue from PRC sales			
Luminaire products	**129,280**	83,415	55.0%
Lamp products	**59,868**	57,304	4.5%
Lighting electronic products	**15,087**	11,992	25.8%
Subtotal	**204,235**	152,711	33.7%
Revenue from international sales			
Luminaire products	**22,735**	15,658	45.2%
Lamp products	**24,453**	20,726	18.0%
Lighting electronic products	**15,569**	14,939	4.2%
Subtotal	**62,757**	51,323	22.3%
Total	**266,992**	204,034	30.9%

During the Period under Review, both our revenue from PRC sales and revenue from international sales achieved significant growth as compared with the six months ended 30 June 2010, while revenue from PRC sales recorded higher growth rate over revenue from international sales. Revenue from PRC sales increased by 33.7%, of which the NVC brand products' revenue increased by 48.6% to US$169,512,000 for the six months ended 30 June 2011 from US$114,073,000 for the six months ended 30 June 2010, and the non-NVC brand products' revenue decreased by 10.1% to US$34,723,000 for the six months ended 30 June 2011 from US$38,638,000 for the six months ended 30 June 2010. Revenue from international sales increased by 22.3%, of which the NVC brand products' revenue increased by 42.4% to US$17,821,000 for the six months ended 30 June 2011 from US$12,510,000 for the six months ended 30 June 2010, and the non-NVC brand products' revenue increased by 15.8% to US$44,936,000 for the six months ended 30 June 2011 from US$38,813,000 for the six months ended 30 June 2010.

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

The table below sets forth our revenue by energy-saving products and non-energy-saving products during the period as indicated.

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
Energy-saving products	**160,281**	123,966
Non-energy-saving products	**106,711**	80,068
Total	**266,992**	204,034

Cost of sales

Cost of sales mainly consists of the cost 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 and glass tubes and electronics components. 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. 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			
	2011		2010	
	US$'000	**% of Revenue**	US$'000	% of Revenue
Raw materials	**140,608**	**52.7%**	103,974	51.0%
Outsourced manufacturing costs	**24,673**	**9.2%**	18,136	8.9%
Labour costs	**20,207**	**7.6%**	16,071	7.9%
Overhead	**11,193**	**4.2%**	10,476	5.1%
Total cost of sales	**196,681**	**73.7%**	148,657	72.9%

During the Period under Review, the Group's cost of sales increased by 32.3%. Such increase primarily reflected the increase in sales volume. The Group's cost of sales as a percentage of revenue increased to 73.7% for the six months ended 30 June 2011 from 72.9% for the six months ended 30 June 2010, resulting in a decrease in gross profit margin from 27.1% to 26.3%, mainly due to increases in raw material costs and labour costs.

Management Discussion and Analysis

Gross profit and gross profit margin

Gross profit is calculated by revenue less cost of sales.

During the Period under Review, gross profit increased by 27.0% to US$70,311,000 from US$55,377,000 for the six months ended 30 June 2010, primarily reflecting the increase in sales volume. The Group's gross profit and gross profit margin by segment are as follows:

(i) The table below shows the gross profit and gross profit margin by product segments (luminaire, lamp and lighting electronic) during the periods as indicated:

	Six months ended 30 June			
	2011		2010	
	US$'000	**%**	US$'000	%
Luminaire products	**46,011**	**30.3%**	29,873	30.2%
Lamp products	**19,213**	**22.8%**	20,415	26.2%
Lighting electronics products	**5,087**	**16.6%**	5,089	18.9%
Total	**70,311**	**26.3%**	55,377	27.1%

During the Period under Review, gross profit from luminaire products increased by 54.0% to US$46,011,000 for the six months ended 30 June 2011 from US$29,873,000 for the six months ended 30 June 2010. Gross profit margin for luminaire products was approximately the same as last year.

During the Period under Review, gross profit from lamp products decreased by 5.9% to US$19,213,000 for the six months ended 30 June 2011 from US$20,415,000 for the six months ended 30 June 2010. Gross profit margin for lamp products decreased to 22.8% for the six months ended 30 June 2011 from 26.2% for the six months ended 30 June 2010, mainly influenced by increased cost as a result of the rapid rise of the phosphor powder price.

During the Period under Review, gross profit from lighting electronics products decreased to US$5,087,000 for the six months ended 30 June 2011 from US$5,089,000 for the corresponding period of 2010. Gross profit margin for lighting electronics products decreased to 16.6% for the six months ended 30 June 2011 from 18.9% for the corresponding period of 2010, mainly due to higher metal material prices, rising labour costs and the appreciation of the RMB.

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

	Six months ended 30 June			
	2011		2010	
	US$'000	**%**	US$'000	%
NVC brand	**55,592**	**29.7%**	39,199	31.0%
Non-NVC brand	**14,719**	**18.5%**	16,178	20.9%
Total	**70,311**	**26.3%**	55,377	27.1%

During the Period under Review, NVC brand products generated a gross profit of US$55,592,000, representing an increase of 41.8% from US$39,199,000 for the six months ended 30 June 2010, and gross profit margin decreased by 1.3%; non-NVC brand products generated a gross profit of US$14,719,000, representing a decrease of 9.0% from US$16,178,000 for the six months ended 30 June 2010, and gross profit margin decreased by 2.4%, mainly influenced by higher raw material costs and labour costs.

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

	Six months ended 30 June			
	2011		2010	
	US$'000	**%**	US$'000	%
Gross profit from domestic sales:				
Luminaire products	**39,996**	**30.9%**	26,300	31.5%
Lamp products	**14,155**	**23.6%**	16,103	28.1%
Lighting electronics products	**3,180**	**21.1%**	2,862	23.9%
Subtotal	**57,331**	**28.1%**	45,265	29.6%
Gross profit from international sales:				
Luminaire products	**6,015**	**26.5%**	3,573	22.8%
Lamp products	**5,058**	**20.7%**	4,312	20.8%
Lighting electronics products	**1,907**	**12.2%**	2,227	14.9%
Subtotal	**12,980**	**20.7%**	10,112	19.7%
Total	**70,311**	**26.3%**	55,377	27.1%

Management Discussion and Analysis

During the Period under Review, domestic sales generated a gross profit of US$57,331,000, representing an increase of 26.7% from US$45,265,000 for the six months ended 30 June 2010. Of which, NVC brand products generated a gross profit of US$51,008,000, representing an increase of 39.6% from US$36,529,000 for the six months ended 30 June 2010; non-NVC brand products generated a gross profit of US$6,323,000, representing a decrease of 27.6% from US$8,736,000 for the six months ended 30 June 2010.

During the Period under Review, international sales generated a gross profit of US$12,980,000, representing an increase of 28.4% from US$10,112,000 for the six months ended 30 June 2010. Of which, NVC brand products generated a gross profit of US$4,584,000, representing an increase of 71.7% from US$2,670,000 for the six months ended 30 June 2010; non-NVC brand products generated a gross profit of US$8,396,000, representing an increase of 12.8% from US$7,442,000 for the six months ended 30 June 2010.

(iv) *Gross profits and gross profit margins by our energy-saving lighting products and non-energy saving lighting products*

The table below sets forth a breakdown of the gross profit and gross profit margins of our energy-saving lighting products and non-energy-saving lighting products:

	Six months ended 30 June			
	2011		2010	
	US$'000	**%**	US$'000	%
Energy-saving products	**43,723**	**27.3%**	33,032	26.6%
Light tubes for CFL	**6,213**	**19.1%**	9,253	23.5%
T4/T5 battens	**22,557**	**43.2%**	11,133	36.5%
Compact fluorescent lamps (CFL)	**8,071**	**21.0%**	7,662	26.0%
Electronic ballasts	**2,201**	**12.2%**	2,394	14.8%
HID lamps	**1,645**	**48.1%**	1,240	40.2%
Fluorescent lamps	**1,294**	**25.0%**	610	27.6%
LED products	**1,742**	**16.5%**	740	23.8%
Non-energy-saving products	**26,588**	**24.9%**	22,345	27.9%
Total gross profit	**70,311**	**26.3%**	55,377	27.1%

Other income and gains

Other income and gains mainly consist of trademark licence fees, distribution commission, rental income, gains from sales of scrap materials and government grants (the breakdown of other income and gains is provided in note 6.2 to the interim condensed consolidated financial statements on page 51 of this report). We received various types of government grants as an incentive for export sales, technology research and development and recruitment of local workers, expansion of production for energy-saving lamp products and the 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 we 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.

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

During the Period under Review, selling and distribution costs were US$15,321,000, representing an increase of 5.8% as compared with US$14,480,000 for the six months ended 30 June 2010, accounting for 5.7% of the total revenue. This increase was primarily attributable to increased freight costs and employee costs.

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 were US$17,432,000, representing an increase of 25.3% from US$13,909,000 for the six months ended 30 June 2010, accounting for 6.5% of the total sales. This increase was primarily attributable to increased research and development input and employee costs.

Other expenses

Other expenses mainly consist of loss on disposal of property, plant and equipment and donations.

Finance income

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

Finance costs

Finance costs represent interest expense accrued on convertible redeemable preference shares and interest on bank loans. The host liability instrument of the convertible redeemable preference shares was carried as a liability at amortised cost calculated using the effective interest rate method. The interest expense on the convertible redeemable preference shares for the six months ended 30 June 2010 was US$1,315,000. On 20 May 2010, these convertible redeemable preference shares were entirely converted into ordinary shares and the accrual of interest is no longer required after the initial public offering.

Share of profits of an associate

This item represents the Group's share of the net profit of an associate, Mianyang Leici, for the six months ended 30 June 2011.

Income tax expense

During the Period under Review, income tax charged for the Group was US$6,588,000, representing an increase of 119.5% from US$3,002,000 for the six months ended 30 June 2010. The increase of income tax charge was partly due to more profit derived from the higher sales revenue made by the Group during the Period under Review, and partly due to the expiry of the corporate tax incentives policy for high-tech enterprise applicable to Sunny and western enterprise's development applicable to Chongqing NVC.

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

Due to the factors mentioned above, profit (including profit attributable to non-controlling interests) for the period was US$40,654,000 as compared to US$27,095,000 for the six months ended 30 June 2010.

Exchange differences on translating of foreign operations

Our exchange differences on translating of foreign operations increased to US$6,641,000 for the six months ended 30 June 2011 from US$1,319,000 for the corresponding period of 2010. This difference primarily arose from the translation of financial statements of PRC subsidiaries which are 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 increased to US$39,575,000 for the six months ended 30 June 2011 from US$25,934,000 for the corresponding period of 2010.

Profit attributable to non-controlling interests for the period

Profit attributable to non-controlling interests was US$1,079,000 for the six months ended 30 June 2011, while it was US$1,161,000 for the six months ended 30 June 2010.

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) proceeds from the initial public offering and the exercise of their share options by our employees. On 20 May 2010, the Group received US$191,824,000 (net of share issue expense) from the completion of its initial public offering. The table below sets out the cash flow data extracted from our consolidated statement of cash flows.

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
Net cash flows (used in)/from operating activities	**(35,084)**	8,999
Net cash flows used in investing activities	**(18,953)**	(87,526)
Net cash flows from financing activities	**17,156**	201,318
Net (decrease)/increase in cash and cash equivalents	**(36,881)**	122,791
Cash and cash equivalents at beginning of period	**182,766**	44,034
Effect of foreign exchange rate changes, net	**1,855**	510
Cash and cash equivalents at end of period	**147,740**	167,335

Net cash flows (used in)/from operating activities

We derive our cash flows 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.

Our cash used in operating activities was US$35,084,000 for the six months ended 30 June 2011, while our operating cash inflows before changes in working capital were US$51,644,000. The changes in working capital included (i) an increase of US$3,033,000 in inventories; (ii) a total increase of US$78,778,000 in trade and bills receivables, other receivables and prepayments, of which prepayments increased by US$31,721,000 mainly due to prepayments for the purchase of phosphor powder to stabilise its rapid rising price; (iii) income tax paid amounting to US$6,051,000; and (iv) an increase of US$1,134,000 in trade and bills payables, as well as other payables and accruals.

Management Discussion and Analysis

Net cash flows used in investing activities

Our cash used in investing activities mainly consists of payments for the purchases of property, plant and equipment, intangible assets other than goodwill and land use rights, the acquisition of non-controlling interests in a subsidiary and investments in time deposits. For the six months ended 30 June 2011, our net cash used in investing activities amounted to US$18,953,000. The net cash outflows were mainly due to (i) payment of US$29,320,000 for the purchase of property, plant and equipment, the addition of intangible assets other than goodwill and the purchase of land use rights; and (ii) payment of US$306,000 for acquisition of non-controlling interests in a subsidiary, which was partly offset by a decrease of US$9,505,000 in time deposits and the interest income of US$991,000.

Net cash flows from financing activities

Our cash flows from financing activities mainly consists of the proceeds from the exercise of share options, proceeds from new bank loans, receipt of government grants and proceeds from the initial public offering. Our cash flows used in financing activities consist of repayment of bank loans and payment of bank loan interest and dividends.

For the six months ended 30 June 2011, our net cash inflows from financing activities amounted to US$17,156,000. Such cash inflows were mainly from (i) the proceeds of US$9,937,000 from new bank loans; (ii) the proceeds of US$4,640,000 from the exercise of share options; and (iii) the receipt of government grants of US$2,609,000.

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 2011 US$'000	31 December 2010 US$'000
CURRENT ASSETS		
Inventories	**71,501**	68,591
Trade and other receivables	**170,526**	119,503
Prepayments	**40,215**	8,494
Short-term deposits	**51,143**	60,648
Cash and cash equivalents	**147,740**	182,766
Total current assets	**481,125**	440,002
CURRENT LIABILITIES		
Trade and bills payables	**64,862**	51,297
Other payables and accruals	**48,638**	44,438
Interest-bearing loans	**9,937**	–
Income tax payable	**4,705**	3,442
Total current liabilities	**128,142**	99,177
NET CURRENT ASSETS	**352,983**	340,825

As at 30 June 2011 and 31 December 2010, net current assets of the Group totalled US$352,983,000 and US$340,825,000, respectively, and our current ratio was 3.75 and 4.44, 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 2011 US$'000	31 December 2010 US$'000
Interest-bearing loans	9,937	–
Total debt	9,937	–
Less: cash and short-term deposits	(198,883)	(243,414)
Net debt	N/A	N/A
Total equity attributable to owners of the Company	531,187	492,261
Gearing ratio	N/A	N/A

The primary objective of our capital management is to maintain our stability and growth. We regularly review and manage our capital structure and make corresponding adjustments, taking into consideration changes in economic conditions, our future capital requirements, 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.

Inventories

The balance of inventories represented our balance of stock of raw materials, work in progress and finished goods as at the end of the Period under Review. We monitor our inventories on a regular basis. During the six months ended 30 June 2011, turnover of average inventories (in days) (average inventories equal inventories at the beginning of the period plus inventories at the end of the period (after provision for impairment of inventories), divided by two. Turnover of average inventories (in days) equals the average inventories divided by the cost of sales and then multiplied by 180) was 64.1 days, while it was 63.4 days during the corresponding period of 2010.

More details about the inventories are provided in note 16 to the interim condensed consolidated financial statements on page 57 of this report.

Trade and other receivables

Trade and bills receivable represent proceeds receivable from the sale of goods. Our trading terms with our customers are mainly on credit, except for new customers where payment in advance is normally required. Our credit periods range from 90 to 120 days. We seek to maintain strict control over our outstanding receivables and have established a credit control management system. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing.

During the six months ended 30 June 2011, turnover of average trade and bills receivables (in days) (average trade and bills receivables equal trade and bills receivables (before impairment) at the beginning of the period plus trade and bills receivables at the end of the period, divided by two. Turnover of average trade and bills receivables (in days) equals the average trade and bills receivables divided by revenue and then multiplied by 180) was 91.5 days, while it was 69.5 days during the corresponding period of 2010. Turnover of average trade and bills receivables (in days) increased, primarily attributable to more credit limits granted to customers as a result of the increased sales as well as the effect of the outstanding balance of PRC government procurement with long ageing.

Bills receivable were all bank acceptance notes with a maturity period within six months.

More details about the trade and other receivable are provided in note 17 to the interim condensed consolidated financial statements on page 58 to page 60 of this report.

Trade and bills payables

During the six months ended 30 June 2011, turnover of average trade and bills payables (in days) (average trade and bills payables equal trade and bills payables at the beginning of the period plus trade and bills payables at the end of the period, divided by two. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and then multiplied by 180) was 53.2 days, while it was 57.9 days during the corresponding period of 2010. Turnover of average trade and bills payables (in days) declined mainly due to the acceleration of payments to suppliers so as to obtain higher discounts.

More details about the trade and bills payables are provided in note 20 to the interim condensed consolidated financial statements on page 62 to page 63 of this report.

Interest-bearing loans

As at 30 June 2011, our total current interest-bearing loans amounted to US$9,937,000 and we have no non-current interest-bearing loans.

Interest-bearing loans included (1) RMB-denominated loans of RMB32,428,000 at an interest rate of 3.158% per annum and RMB25,887,000 at an interest rate of 4.803% per annum with the respective maturity date before 31 December 2011; and (2) a GBP-denominated loan of GBP577,000 at an interest rate of Bank of England Base Rate plus 2.10% per annum with the maturity date before 30 April 2012.

More details about the interest-bearing loans are provided in note 22 to the interim condensed consolidated financial statements on page 64 of this report.

Management Discussion and Analysis

Capital expenditure

We funded our capital expenditure from cash generated from operations and bank loans as well as proceeds from the initial public offering and 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. Our capital expenditure in the six months ended 30 June 2011 amounted to US$28,299,000, of which US$5,806,000 was invested in machinery and equipment mainly for the expansion of production lines, US$5,088,000 for purchasing of warehouse by UK NVC and US$13,841,000 on construction in progress mainly for relocation and construction of the new Sunny industrial complex.

Pledge of Assets

As at 30 June 2011, the Group had no pledged 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.

Contingent Liabilities

As at 30 June 2011, the Group had no material contingent liabilities.

Capital Commitments

The details to capital commitments are provided in note 27 to the interim condensed consolidated financial statements on page 69 to page 70 of this report.

Continuing Connected Transactions

Continuing connected transactions of the Group for the six months ended 30 June 2011 were within the caps as set out in the prospectus and amended in the announcements dated 24 December 2010, 10 March 2011 and 31 May 2011, respectively.

Merger and Acquisition

On 6 April 2011, the Company agreed with Henry Sun and Steven Mark Jacobs (both being the original shareholders of UK NVC) to acquire the remaining 20% equity interest in UK NVC for a consideration of RMB2 million. After the acquisition, the Company holds the entire equity interest in UK NVC. Save as disclosed above, the Group made no acquisition, merger or sale of subsidiaries and associates for the six months ended 30 June 2011.

Use of Proceeds from the Initial Public Offering

We do not propose to use the proceeds from the initial public offering in a manner different from that detailed in the prospectus of the Company dated 7 May 2010.

Significant Investments

During the six months ended 30 June 2011, the Group had no significant investment. Save as disclosed in the prospectus of the Company dated 7 May 2010, the Group did not have any plan for significant investment during the six months ended 30 June 2011.

Employees

As at 30 June 2011, the Group had approximately 10,351 employees (31 December 2010: 9,988). During the Period under Review, the relevant employee salary and benefit expense was US$32,051,000 (including share option expense of US$413,000), while our employee salary and benefit expense was US$21,980,000 (including share option expense of US$255,000) for the corresponding period in 2010. 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, housing fund schemes, and discretionary incentive and share option schemes.

Market Risks

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

Foreign currency risk

We have transactional currency exposure. Such exposure arises from sales by an operating unit in currencies other than its functional currency. Sales of products by our PRC entities to overseas customers are predominantly conducted in US dollars. As a result, we are exposed to fluctuations in the exchange rate between the US dollar and the RMB. During the Period under Review, the Group had no hedging arrangement in place with respect to the foreign exchange exposure, and did not experience any material difficulty or negative effect 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 of funding and flexibility 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 and bills receivables 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 other receivables. Our cash and short-term deposits are mainly deposited with registered banks in China and Hong Kong. We have also policies that limit our credit exposure to any financial institution. The carrying amounts of trade and other receivables, cash and cash equivalents and short-term deposits included in the interim condensed 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 2010, we entered into a number of one-year insurance contracts with China Export & Credit Insurance Corporation to insure up to 85% from domestic and 90% from overseas of any uncollectible amount derived from our sales between the period from 1 November 2010 to 31 October 2011 subject to a maximum uncollectible amount of RMB25.2 million for domestic sales and US$15 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.

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

As at 30 June 2011, so far as the Directors and chief executive are aware, the following shareholders (other than Directors or chief executive of the Company) had 5% or more beneficial interests or short positions in the issued shares and underlying shares of the Company which were recorded in the register required to be maintained by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Nature of interests	Class of shares	Number of shares	Percentage of the total shares issued
SB Asia Investment Fund II L.P.	Beneficial owner	Ordinary shares	681,152,000 (L) *(Note 1)*	21.75%
NVC Inc.	Beneficial owner	Ordinary shares	576,734,000 (L)	18.42%
	Beneficial owner	Warrant	8,400,000 (L)	0.27%
Signkey Group Limited	Beneficial owner	Ordinary shares	333,321,000 (L)	10.64%
GS Direct, L.L.C.	Beneficial owner	Ordinary shares	208,157,000 (L) *(Note 3)*	6.65%
	Beneficial owner	Share options *(Note 2)*	500,000 (L) *(Note 3)*	0.016%
The Goldman Sachs Group, Inc.	Interest of a controlled corporation	Ordinary shares	208,157,000 (L) *(Note 3)*	6.65%
	Interest of a controlled corporation	Share options *(Note 2)*	500,000 (L) *(Note 3)*	0.016%
Wu Jiannong *(Note 4)*	Interest of a controlled corporation	Ordinary shares	333,321,000 (L) *(Note 5)*	10.64%
	Beneficial owner	Ordinary shares	375,000 (L)	0.012%

Notes:

1. (L) represents long position.

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

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

4. Mr. Wu Jiannong retired as an executive Director of the Company with effect from 24 June 2011.

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

Disclosure of Interests

Save as disclosed above, as at 30 June 2011, so far as the Directors are aware, no other person (except the Directors and chief executive) or corporation had 5% or more interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be maintained by the Company pursuant to Section 336 of the SFO.

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

As at 30 June 2011, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or recorded in the register required to be maintained pursuant to Section 352 of Part XV of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the provisions of the Model Code were as follows:

a. Long positions in the Shares of the Company

Name of Director	Class of shares	Nature of interests	Number	Percentage of the total shares issued
Wu Changjiang	Share options *(Note 1)*	Beneficial owner	30,476,000 (L) *(Note 2)*	0.97%
	Ordinary shares	Beneficial owner	65,630,000 (L)	2.10%
	Ordinary shares	Deemed interests	10,625,000 (L) *(Note 3)*	0.34%
	Ordinary shares	Interest of a controlled corporation	576,734,000 (L) *(Note 4)*	18.42%
	Warrant	Interest of a controlled corporation	8,400,000 (L) *(Note 4)*	0.27%
Mu Yu	Share options *(Note 1)*	Beneficial owner	97,000 (L)	0.0031%
	Ordinary shares	Beneficial owner	1,250,000 (L)	0.04%
	Ordinary shares	Deemed interests	10,625,000 (L) *(Note 5)*	0.34%
Xia Lei *(Note 6)*	Share options *(Note 1)*	Beneficial owner	533,000 (L)	0.017%
Yan Andrew Y	Share options *(Note 1)*	Beneficial owner	13,640,500 (L)	0.44%
	Ordinary shares	Beneficial owner	13,108,500 (L)	0.42%
Lin Ho-Ping	Share options *(Note 1)*	Beneficial owner	13,640,500 (L)	0.44%
	Ordinary shares	Beneficial owner	13,108,500 (L)	0.42%

Notes:

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

2. (L) represents long position.

3. These ordinary shares are held by Eastern Galaxy Trust, a discretionary trust of which Mr. Wu Changjiang is one of the beneficiaries, and therefore Mr. Wu Changjiang is deemed to be interested in the entire share options held by the trust. Save as disclosed in the 2010 annual report, the trust exercised the remaining share options on 9 May 2011 and 16 June 2011, respectively, and was allocated in aggregate 38,891,000 shares, of which 37,016,000 shares in total were transferred to relevant beneficiaries in the trust on 27 May 2011. 10,625,000 shares are still maintained in the trust as at 30 June 2011.

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

5. These ordinary shares are held by Eastern Galaxy Trust, a discretionary trust of which Mr. Mu Yu is one of the beneficiaries, and therefore Mr. Mu Yu is deemed to be interested in the entire share options held by the trust. Save as disclosed in the 2010 annual report, the trust exercised the remaining share options on 9 May 2011 and 16 June 2011, respectively, and was allocated in aggregate 38,891,000 shares, of which 37,016,000 shares in total were transferred to relevant beneficiaries in the trust on 27 May 2011. 10,625,000 shares are still maintained in the trust as at 30 June 2011.

6. Mr. Xia Lei resigned as a non-executive Director of the Company on 24 August 2011.

b. Long positions in shares of our associated corporations

As at 30 June 2011, none of the Directors or chief executive of the Company have or are deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notifiable to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or recorded in the register required to be maintained by the Company pursuant to Section 352 of the SFO, or which were notifiable to the Company and the Stock Exchange pursuant to the provisions of the Model Code.

Pledging of Shares by Controlling Shareholders

As at 30 June 2011, the Company did not have any controlling shareholder.

Disclosure of Interests

Share Option Scheme

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

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

For the six months ended 30 June 2011, no option has been granted under the Share Option Scheme.

Pre-IPO Share Option Scheme

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

Options have been granted under the Pre-IPO Share Option Scheme and shall expire no later than 10 years from the date the Board resolves to make the offer of options to the grantees. Options granted to grantees under the Pre-IPO Share Option Scheme shall vest immediately to the grantees, or vest to the grantees at a rate not more than 25% of each such grant for each year commencing from the date when the grantees can exercise such options granted to them.

As at 30 June 2011, details of outstanding options granted under the Pre-IPO Share Option Scheme are as follows:

Name of the grantee	Class of shares	Relationship with the Group	Number of shares outstanding as at 1 January 2011	Number of shares outstanding as at 30 June 2011	Exercise price (HK$ per share)	Date of grant	Expiry date	Percentage of the number of shares outstanding as at 30 June 2011 to the total shares issued
Wu Changjiang	Share options	Director	30,476,000	30,476,000	2.1	24 March 2010	24 March 2015	0.97%
Mu Yu	Share options	Director	1,250,000 *(Note 1)*	–	0.4	1 January 2007	1 January 2017	–
			97,000	97,000	2.1	24 March 2010	24 March 2016	0.0031%
Yan Andrew Y	Share options	Director	26,217,000	13,108,500	0.31	15 October 2006	15 October 2016	0.42%
			532,000	532,000	2.1	24 March 2010	24 March 2015	0.017%
Lin Ho-Ping	Share options	Director	26,217,000	13,108,500	0.31	15 October 2006	15 October 2016	0.42%
			532,000	532,000	2.1	24 March 2010	24 March 2015	0.017%
Xia Lei	Share options	Director *(Note 2)*	533,000	533,000	2.1	24 March 2010	24 March 2015	0.017%
Wu Jiannong *(Note 3)*	Share options	Shareholder	375,000	–	0.4	24 March 2010	24 March 2020	–
GS Direct L.L.C.	Share options	Shareholder	500,000	500,000	2.1	24 March 2010	24 March 2015	0.016%
Others (including senior management)	Share options	Employees and others	12,000,000	–	0.75	15 January 2007	15 January 2017	–
			10,591,000	–	0.75	1 March 2007	1 March 2017	–
			15,050,000	–	0.4	1 January 2007	1 January 2017	–
			12,500,000	9,600,000	2.1	24 March 2010	24 March 2016	0.31%
			1,000,000	1,000,000	2.1	24 March 2010	25 June 2017	0.032%
			1,000,000	1,000,000	2.1	24 March 2010	8 February 2017	0.032%
			1,000,000	1,000,000	2.1	24 March 2010	31 December 2016	0.032%
Total			139,870,000	71,487,000				2.28%

Disclosure of Interests

Notes:

1. These share options are held by Eastern Galaxy Trust, which is a discretionary trust, and one of its beneficiaries is Mr. Mu Yu.

2. Mr. Xia Lei resigned as a non-executive Director of the Company on 24 August 2011.

3. Mr. Wu Jiannong retired as an executive Director of the Company on 24 June 2011.

For further details, please refer to note 25 to the interim condensed consolidated financial statements on page 66 to page 68 and the prospectus of the Company dated 7 May 2010.

For the six months ended 30 June 2011, out of the share options granted under the Pre-IPO Share Option Scheme, 67,583,000 share options were exercised. The exercised share options are as follows:

Exercise date	Number of share options exercised	Exercise price	Average closing price for the five trading days preceding the date of exercise
17 March 2011	26,217,000	HK$0.31	HK$3.888
9 May 2011	14,425,000	HK$0.4	HK$4.088
9 May 2011	22,591,000	HK$0.75	HK$4.088
16 June 2011	1,875,000	HK$0.4	HK$3.822
29 June 2011	375,000	HK$0.4	HK$3.814
29 June 2011	2,100,000	HK$2.1	HK$3.814
Total	67,583,000		

For the six months ended 30 June 2011, out of the share options granted under the Pre-IPO Share Option Scheme, 800,000 share options were lapsed due to the resignation of an employee. The lapsed share options are as follows:

Number of share options lapsed	Exercise price	Date of grant	Expiry date
800,000	HK$2.1	24 March 2010	24 March 2016

For the six months ended 30 June 2011, out of the share options granted under the Pre-IPO Share Option Scheme, none of the share options were cancelled.

Corporate Governance

The Directors are of the opinion that, during the Period under Review, the Company has complied with the Code, 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.

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 are performed by Mr. Wu Changjiang, the Company has deviated from the Code. Mr. Wu Changjiang is the chairman and chief executive officer of the Company and the founder of the Group. The Board believes that it is necessary to vest the roles of chairman and chief executive officer in the same person due to Mr. Wu Changjiang's unique role, experience and established market reputation in the PRC lighting products industry, and the importance of Mr. Wu Changjiang in the strategic development of the Company. The dual role arrangement helps provide 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 relevant Board committees, and there are three 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 purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

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 have complied with all relevant requirements as set out in the Model Code during the six months ended 30 June 2011.

Audit Committee

The Company established an audit committee on 27 April 2010 with written terms of reference in compliance with the Code. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee has three members who are all independent non-executive Directors. Mr. Alan Russell Powrie has been appointed as the chairman of the audit committee. The audit committee has reviewed and discussed the interim report for the six month ended 30 June 2011.

Remuneration Committee

The Company established a remuneration committee on 27 April 2010 with the primary duties of establishing and reviewing the policy and structure of remuneration for the Directors and senior management. The remuneration committee has three members, namely Mr. Yan Andrew Y, Mr. Alan Russell Powrie and Mr. Karel Robert Den Daas. Mr. Yan Andrew Y has been appointed as the chairman of the remuneration committee.

Change in Directors' Information

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

Mr. Wu Jiannong retired as an executive Director of the Company with effect from 24 June 2011.

Mr. Xia Lei resigned as a non-executive Director of the Company with effect from 24 August 2011.

In addition, the emoluments per annum for the non-executive Directors, being Mr. Yan Andrew Y, Mr. Lin Ho-Ping and Ms. Hui Ming Yunn, Stephanie were set at HK$350,000, HK$300,000 and HK$300,000, respectively, and the emoluments per annum for the independent non-executive Directors, being Mr. Alan Russell Powrie, Mr. Karel Robert Den Daas and Mr.Wang Jinsui were renewed to HK$350,000, HK$300,000 and HK$300,000, respectively, effective retrospectively from 1 January 2011. The emoluments of our Directors are determined by our remuneration committee with reference to our results of operations, the performance of the individuals and the comparable market statistics. The emoluments set forth above are within the respective service contract/appointment letters of each Director.

Purchase, Sale or Redemption of Listed Securities

Other than shares issued under the Pre-IPO Share Option Scheme adopted by the Company, as approved by the Board on 15 October 2006 and amended on 23 December 2009 and 24 March 2010, for the six months ended 30 June 2011, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

Dividend

Pursuant to a meeting of the Board held on 24 August 2010, the Company declared an interim dividend of HK2 cents per share totaling HK$61,284,000 (before tax), of which an amount of HK$4,164,000 has not been collected as at the date of this report.

Pursuant to a resolution of the Board dated 23 March 2011, which was passed at the annual general meeting held on 24 June 2011, the Company declared a final dividend of HK3 cents per share and the total final dividend payable amounted to HK$93,880,000 (before tax), of which an amount of HK$6,250,000 has not been collected as at the date of this report.

The Board has resolved to declare an interim dividend of HK2.5 cents per share for the six months ended 30 June 2011 (corresponding period of 2010: HK2 cents per share) to shareholders whose names appear on the register of members of the Company on Friday, 23 September 2011. Based on the 3,131,796,000 shares in issue as at 30 June 2011, it is expected that the interim dividend payable will amount to approximately HK$78,295,000 (equivalent to approximately US$10,061,000) (before tax).

Closure of Register of Members

The Register of Members will be closed from 20 September 2011, Tuesday to 23 September 2011, Friday (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer 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 19 September 2011, Monday.

Independent Auditors' Report

ERNST & YOUNG
安 永

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

Introduction

We have reviewed the interim condensed consolidated financial statements of NVC Lighting Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 73, which comprises the condensed consolidated statements of financial position as at 30 June 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended and the explanatory information. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board.

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

Scope of Review

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

Conclusion

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

Ernst & Young
Certified Public Accountants
Hong Kong
24 August 2011

Interim Condensed Consolidated Income Statement

Six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 US$'000 (Unaudited)	2010 US$'000 (Audited)
REVENUE	5	**266,992**	204,034
Cost of sales		**(196,681)**	(148,657)
GROSS PROFIT		**70,311**	55,377
Other income and gains	6.2	**8,375**	5,536
Selling and distribution costs		**(15,321)**	(14,480)
Administrative expenses		**(17,432)**	(13,909)
Other expenses		**(323)**	(728)
Finance income	6.3	**1,665**	238
Finance costs	6.4	**(94)**	(1,939)
Share of profits of an associate		**61**	2
PROFIT BEFORE TAX		**47,242**	30,097
Income tax expense	7	**(6,588)**	(3,002)
PROFIT FOR THE PERIOD		**40,654**	27,095
Attributable to:			
Owners of the Company		**39,575**	25,934
Non-controlling interests		**1,079**	1,161
		40,654	27,095
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	8	**1.28 US cents**	1.1 US cents
Diluted	8	**1.25 US cents**	1.0 US cent

Details of the dividends proposed for the six months ended 30 June 2011 are disclosed in note 9 to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
PROFIT FOR THE PERIOD	**40,654**	27,095
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**6,641**	1,319
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**47,295**	28,414
Attributable to:		
Owners of the Company	**46,530**	27,215
Non-controlling interests	**765**	1,199
	47,295	28,414

Interim Condensed Consolidated Statement of Financial Position

30 June 2011

	Notes	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**108,327**	84,817
Prepaid land lease payments	11	**12,108**	11,536
Goodwill	12	**35,458**	34,121
Other intangible assets	13	**53,593**	53,032
Investment in an associate		**743**	689
Deferred tax assets	14	**2,888**	2,537
Deposits	15	**4,308**	–
Long-term deferred expenditure		**92**	64
Total non-current assets		**217,517**	186,796
CURRENT ASSETS			
Inventories	16	**71,501**	68,591
Trade and other receivables	17	**170,526**	119,503
Prepayments	18	**40,215**	8,494
Short-term deposits	19	**51,143**	60,648
Cash and cash equivalents	19	**147,740**	182,766
Total current assets		**481,125**	440,002
CURRENT LIABILITIES			
Trade and bills payables	20	**64,862**	51,297
Other payables and accruals	21	**48,638**	44,438
Interest-bearing loans	22	**9,937**	–
Income tax payable		**4,705**	3,442
Total current liabilities		**128,142**	99,177
NET CURRENT ASSETS		**352,983**	340,825
TOTAL ASSETS LESS CURRENT LIABILITIES		**570,500**	527,621

Continued/...

Interim Condensed Consolidated Statement of Financial Position

30 June 2011

	Notes	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities	14	**15,912**	15,038
Government grants	23	**18,028**	16,320
Total non-current liabilities		**33,940**	31,358
Net assets		**536,560**	496,263
EQUITY			
Equity attributable to owners of the Company			
Issued capital	24	**–**	–
Share premium	24	**319,491**	315,130
Shareholders' contribution		**879**	879
Statutory reserve		**12,577**	10,445
Employee equity benefit reserve		**1,614**	1,768
Foreign currency translation reserve		**24,813**	17,858
Retained earnings		**171,813**	134,370
Proposed final dividends		**–**	11,811
		531,187	492,261
Non-controlling interests		**5,373**	4,002
Total equity		**536,560**	496,263

Wu Changjiang
Director

Mu Yu
Director

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2011

	Attributable to owners of the Company										
	Issued capital *(note 24)* US$'000	Share premium *(note 24)* US$'000	Shareholders' contribution US$'000	Statutory reserve US$'000	Employee equity benefit reserve US$'000	Foreign currency translation reserve US$'000	Retained earnings US$'000	Proposed final dividends US$'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 *(note 24)*	–	5,207	–	–	(567)	–	–	–	4,640	–	4,640
Employee share option arrangements *(note 25)*	–	–	–	–	413	–	–	–	413	–	413
2010 final dividends declared	–	(240)	–	–	–	–	–	(11,811)	(12,051)	–	(12,051)
At 30 June 2011(Unaudited)	–	319,491	879	12,577	1,614	24,813	171,813	–	531,187	5,373	536,560

Continued/...

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2011

	Attributable to owners of the Company										
	Issued capital *(note 24)* US$'000	Share premium *(note 24)* US$'000	Equity component of convertible preference shares 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	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2010	–	23,556	54,481	879	7,157	2,172	9,627	66,320	164,192	3,526	167,718
Profit for the period	–	–	–	–	–	–	–	25,934	25,934	1,161	27,095
Other comprehensive income:											
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	1,281	–	1,281	38	1,319
Total comprehensive income for the period	–	–	–	–	–	–	1,281	25,934	27,215	1,199	28,414
Transfer to statutory reserve	–	–	–	–	988	–	–	(988)	–	–	–
Issuance of new shares, net of share issue expense	–	191,824	–	–	–	–	–	–	191,824	–	191,824
Conversion of preference shares to ordinary shares	–	113,728	(54,481)	–	–	–	–	–	59,247	–	59,247
Dividends distributed by a subsidiary to the non-controlling shareholder	–	–	–	–	–	–	–	–	–	(2,223)	(2,223)
Employee share option arrangements	–	–	–	–	–	255	–	–	255	–	255
At 30 June 2010 (Audited)	–	329,108	–	879	8,145	2,427	10,908	91,266	442,733	2,502	445,235

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 US$'000 (Unaudited)	2010 US$'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**47,242**	30,097
Adjustments for:			
Depreciation of property, plant and equipment	*6.1*	**4,926**	4,147
Amortisation of prepaid land lease payments	*6.1*	**206**	194
Amortisation of other intangible assets	*6.1*	**1,895**	1,648
Amortisation of long-term deferred expenses	*6.1*	**4**	5
Loss on disposal of property, plant and equipment		**105**	418
Equity-settled share option expense	*6.5*	**413**	255
Finance income	*6.3*	**(1,665)**	(238)
Finance costs	*6.4*	**30**	1,939
Share of profits of an associate		**(61)**	(2)
Impairment of accounts receivable/(reversal of bad debt provision)	*6.1*	**457**	(181)
Write-down of inventories to net realisable value	*6.1*	**123**	1,727
Government grants	*6.2*	**(1,287)**	(840)
Listing expenses, excluding share issue costs	*6.1*	**–**	1,844
Exchange (gain)/loss, net	*6.2*	**(744)**	230
		51,644	41,243
Increase in trade and bills receivables, other receivables and prepayments		**(78,778)**	(20,463)
Increase in inventories		**(3,033)**	(11,742)
Increase in trade and bills payables, other payables and accruals		**1,134**	4,340
Income tax paid		**(6,051)**	(4,379)
Net cash flows (used in)/from operating activities		**(35,084)**	8,999

Continued/...

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 US$'000 (Unaudited)	2010 US$'000 (Audited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**210**	279
Purchases of property, plant and equipment		**(27,759)**	(12,481)
Payment for acquisition of land use rights		**(495)**	–
Payment for additions of intangible assets other than goodwill		**(1,066)**	(67)
Increase in long-term deferred expenditure		**(33)**	–
Payment for acquisition of non-controlling interests in a subsidiary		**(306)**	(7,736)
Interest received		**991**	238
Decrease/(increase) in time deposits with original maturity of more than three months when acquired	*19*	**9,505**	(67,759)
Net cash flows used in investing activities		**(18,953)**	(87,526)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of new shares in the initial public offering		**–**	201,238
Payment of listing expenses including share issue costs		**–**	(9,002)
Proceeds from exercise of share options		**4,640**	–
Dividends paid to a non-controlling shareholder		**–**	(2,223)
Receipt of government grants	*23*	**2,609**	5,286
New bank loans		**9,937**	17,932
Repayment of bank loans		**–**	(11,289)
Bank loan interest paid		**(30)**	(624)
Net cash flows from financing activities		**17,156**	201,318
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Net (decrease)/increase in cash and cash equivalents		**(36,881)**	122,791
Cash and cash equivalents at beginning of period		**182,766**	44,034
Effect of foreign exchange rate changes, net		**1,855**	510
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**147,740**	167,335
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*19*	**65,098**	141,524
Non-pledged time deposits with original maturity of less than three months when acquired	*19*	**82,642**	25,693
Pledged time deposits with original maturity of less than three months when acquired	*19*	**–**	118
Cash and cash equivalents at end of period		**147,740**	167,335

Notes to Interim Condensed Consolidated Financial Statements

30 June 2011

1. Corporate Information

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

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

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

1. Corporate Information *(continued)*

Company name	Place and date of establishment/ incorporation and operations	Registered capital	Percentage of ownership interest attributable to the Company Direct	Indirect	Principal activities
Zhangpu Phoebus Lighting Co., Ltd. ("Zhangpu Phoebus")	the PRC 9 May 2004/ Mainland China	US$3,000,000	–	100%	Manufacture and sale of light tubes for energy saving lamps and related products
Shanghai Arcata Electronics Co., Ltd. ("Shanghai Arcata")[1]	the PRC 22 September 2005/ Mainland China	US$10,000,000	–	100%	Manufacture and sale of lamp transformers and other lighting electronic products
World Through Investments Limited ("World Through")	the BVI 5 August 2005/ Mainland China	US$50,000	100%	–	Investment holding
NVC (Manufacturing) Limited ("UK NVC")[2]	England and Wales 31 May 2007/ the UK	GBP2,000,000 (equivalent to US$3,395,857)	100%	–	Trading of lamps, luminaires and other lighting products
Hong Kong TYU Technology Co., Ltd. ("Hong Kong TYU")	Hong Kong of the PRC 17 July 2007/ Hong Kong	HK$200,000 (equivalent to US$25,643)	100%	–	Trading of lamps, luminaires and other lighting products
Hong Kong Max Rich Holdings Limited ("Max Rich")	Hong Kong of the PRC 18 September 2008/ Hong Kong	HK$1	–	100%	Investment holding

1 *The issued capital of Shanghai Arcata has been increased from US$1,000,000 to US$10,000,000 during the six months ended 30 June 2011.*

2 *On 6 April 2011, the Group further acquired 20% outstanding shares from the non-controlling shareholders of UK NVC. The issued capital of UK NVC has been increased from GBP500,000 to GBP2,000,000.*

2.1 Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2010.

2.2 Impact of New and Revised IFRSs

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of the following new standards and interpretations as of 1 January 2011:

• IAS 32 Amendment	Classification of Rights Issues
• IFRS 1 Amendment	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
• IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
• IFRIC 14 Amendment	Prepayments of a Minimum Funding Requirement
• Improvements to IFRSs 2010	Amendments to a number of IFRSs issued in May 2010

The adoption of these new and revised IFRSs has had no significant effect on the financial statements of the current period or the prior year. The description of those new and revised IFRSs that are most likely to have effect on the future periods are as follows:

Improvements to IFRSs 2010 issued in May 2010 sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- IFRS 3 *Business Combinations*: Clarifies that the amendments to IFRS 7, IAS 32 and IAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

  In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

  The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- IAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

- IAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from IAS 27 (as revised in 2008) made to IAS 21, IAS 28 and IAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if IAS 27 is applied earlier.

2.3 Impact of Issued but not yet Effective IFRSs

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

- IFRS 1 Amendments — *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
- IFRS 7 Amendments — *Disclosures – Transfers of Financial Assets*[1]
- IFRS 9 — *Financial Instruments*[4]
- IAS 12 Amendments — *Deferred Tax: Recovery of Underlying Assets*[2]
- Amended version of IAS 19 — *Employee Benefits*[4]
- Amendment to IAS 1 — *Presentation of Items of Other Comprehensive Income*[3]
- IFRS 10 — *Consolidated Financial Statements*[4]
- IFRS 11 — *Joint Arrangements*[4]
- IFRS 12 — *Disclosure of Interest in Other Entities*[4]
- IFRS 13 — *Fair Value Measurement*[4]
- IAS 27 (Revised) — *Separate Financial Statements*[4]
- IAS 28 (Revised) — *Investments in Associates and Joint Ventures*[4]

[1] *Effective for annual periods beginning on or after 1 July 2011*
[2] *Effective for annual periods beginning on or after 1 January 2012*
[3] *Effective for annual periods beginning on or after 1 July 2012*
[4] *Effective for annual periods beginning on or after 1 January 2013*

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

3. Seasonality of Operations

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

Notes to Interim Condensed Consolidated Financial Statements

30 June 2011

4. Operating Segment Information

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

(a) Lamp products segment produces 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;

(b) Luminaire products segment produces complete lighting units each of which consists of a lighting fixture, a lamp, an outer shell for lamp alignment and protection, and a lighting electronic appliance; and

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

The basis of segmentation and the basis of measurement of segment profit or loss are consistent with those in the Group's annual financial statements for year ended 31 December 2010.

	Six months ended 30 June 2011 (Unaudited)				
	Lamp products US$'000	Luminaire products US$'000	Lighting electronic products US$'000	Eliminations US$'000	Consolidated US$'000
Revenue:					
Revenue from external customers	84,321	152,015	30,656	–	266,992
Intersegment	6,033	–	3,436	(9,469)	–
Total revenue	90,354	152,015	34,092	(9,469)	266,992
Results	21,752	46,011	5,218	–	72,981
Elimination of intersegment profit	(2,539)	–	(131)	–	(2,670)
Results derived from external customers	19,213	46,011	5,087	–	70,311
Finance income					1,665
Unallocated income:					
Government grants					1,287
Trademark licence fees					1,841
Distribution commission					3,739
Gains from sales of scrap materials					480
Rental income					144
Exchange gain, net					744
Others					140
					8,375
Unallocated expenses:					
Advertising and promotion expenses					(4,804)
Freight					(5,021)
Loss on disposal of property, plant and equipment					(105)
Donations					(111)
Research and development expenses, excluding the amortisation of deferred expenditures					(4,047)
Staff costs					(8,828)
Amortisation and depreciation					(2,745)
Equity-settled share option expense					(413)
Other unallocated head office and corporate expenses					(7,002)
					(33,076)
Finance costs					(94)
Share of profits of an associate					61
Profit before tax					47,242
Income tax expense					(6,588)
Profit for the period					40,654

4. Operating Segment Information *(continued)*

	Six months ended 30 June 2010 (Audited)				
	Lamp products US$'000	Luminaire products US$'000	Lighting electronic products US$'000	Eliminations US$'000	Consolidated US$'000
Revenue:					
Revenue from external customers	78,030	99,073	26,931	–	204,034
Intersegment	3,020	–	1,078	(4,098)	–
Total revenue	81,050	99,073	28,009	(4,098)	204,034
Results	21,033	29,873	5,142	–	56,048
Elimination of intersegment profit	(618)	–	(53)	–	(671)
Results derived from external customers	20,415	29,873	5,089	–	55,377
Finance income					238
Other unallocated income:					
Government grants					840
Trademark licence fee					1,254
Distribution commission					2,567
Gains from sales of scrap materials					329
Rental income					181
Others					365
					5,536
Unallocated expenses:					
Advertising and promotion expenses					(6,296)
Freight					(3,828)
Loss on disposal of property, plant and equipment					(418)
Donation					(75)
Exchange loss, net					(230)
Research and development expenses, excluding the amortisation of deferred expenditures					(2,174)
Staff costs					(5,654)
Listing expenses, excluding share issue costs					(1,844)
Amortisation and depreciation					(2,585)
Equity-settled share option expense					(255)
Other unallocated head office and corporate expenses					(5,758)
					(29,117)
Finance costs					(1,939)
Share of profits of an associate					2
Profit before tax					30,097
Income tax expense					(3,002)
Profit for the period					27,095

4. Operating Segment Information *(continued)*

Information about major customers

There was no single customer to whom the Group's sales amounted to 10% or more of the Group's revenue for the six months ended 30 June 2011 (Six months ended 30 June 2010: None).

5. Revenue

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

6. Other Income and Expenses

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

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Cost of inventories recognised as an expense	**165,281**	122,110
Depreciation of property, plant and equipment*	**4,926**	4,147
Amortisation of intangible assets other than goodwill*	**1,895**	1,648
Amortisation of prepaid land lease payments	**206**	194
Amortisation of long-term deferred expenses	**4**	5
Auditors' remuneration	**207**	298
Minimum lease payments*	**1,257**	864
Impairment loss of receivables/(reversal of impairment loss of receivables)	**457**	(181)
Write-down of inventories to net realisable value	**123**	1,727
Listing expenses, excluding share issue costs	**–**	1,844
Loss on disposal of property, plant and equipment	**105**	418
* Included in cost of sales:		
Depreciation of property, plant and equipment	**3,030**	2,743
Amortisation of intangible assets other than goodwill	**580**	418
Minimum lease payments	**284**	342

6. Other Income and Expenses *(continued)*

6.2 Other income and gains

		Six months ended 30 June	
		2011	2010
	Notes	**US$'000**	US$'000
		(Unaudited)	(Audited)
Government grants		**1,287**	840
Trademark licence fees	*(a)*	**1,841**	1,254
Distribution commission	*(a)*	**3,739**	2,567
Gains from sales of scrap materials		**480**	329
Rental income		**144**	181
Exchange gain, net		**744**	–
Others		**140**	365
		8,375	5,536

Notes:

(a) During the six months ended 30 June 2011, the Group licensed the "NVC" trademark to a limited number of related companies for the consideration of 3% of the related companies' sales as trademark licence fees and charged distribution commission to a limited number of related companies for their products sold through the Group's distribution network at the consideration of 6% to 8% of the relevant sales. Details of the related party transactions are set out in note 28.

6.3 Finance income

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Interest income from bank deposits	**1,507**	168
Other interest income	**158**	70
	1,665	238

Notes to Interim Condensed Consolidated Financial Statements

30 June 2011

6. Other Income and Expenses *(continued)*

6.4 Finance costs

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Interest expense on convertible redeemable preference shares	**–**	1,315
Interest on bank loans	**30**	615
Other interest expenses	**64**	9
	94	1,939

6.5 Employee benefit expenses (including directors' remuneration)

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Wages and salaries	**26,033**	18,951
Social insurance and welfare expenses	**5,605**	2,774
Equity-settled share option expense	**413**	255
	32,051	21,980

6.6 Research and development costs

Research and development costs, including the amortisation of deferred development cost, recognised as an expense in the interim condensed consolidated income statement during the six months ended 30 June 2011 amounted to US$4,382,000 (six months ended 30 June 2010: US$3,135,000).

7. Income Tax

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Current income tax:		
– Current income tax charge for the period	**7,313**	3,598
Deferred income tax:		
– Relating to origination and reversal of temporary differences	**(725)**	(596)
Total tax charge for the period	**6,588**	3,002

The Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies within the Group are domiciled and operate. No provision for Hong Kong profits tax or UK corporation income tax has been made as the Group has no assessable profits arising in Hong Kong or the UK during the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

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

Pursuant to the then effective PRC income tax laws and regulations, foreign-invested enterprises that were engaged in manufacturing activities with an operation period of over 10 years were eligible to apply for a two-year EIT exemption followed by a three-year 50% EIT reduction holiday. In accordance with the approval from the relevant tax authorities, the Group's subsidiaries including Huizhou NVC, Chongqing NVC, Jiangshan Phoebus, Zhangpu Phoebus and Shanghai Arcata enjoyed the above tax holiday starting from 2006, 2007, 2007, 2007 and 2008, respectively. In addition, Huizhou NVC was recognised as a high-tech enterprise by the PRC tax authority in 2009 and was entitled to a preferential tax rate of 15 % from year 2009 to 2011.

Sunny was recognised as a high-technology enterprise by the PRC tax authority in 2008 and was entitled to the preferential tax rate of 15% during the effective period from 2008 to 2010. The high-tech enterprise certificate expired on 19 September 2010. Currently Sunny is applying for renewal of the certificate.

A summary of the applicable tax rates for the Group's subsidiaries located in Mainland China is set out below:

	Six months ended 30 June	
	2011	2010
Huizhou NVC	**15%**	12.5%
Chongqing NVC	**12.5%**	7.5%
Zhejiang NVC	**25%**	25%
Jiangshan Phoebus	**12.5%**	12.5%
Zhangpu Phoebus	**12.5%**	12.5%
Sunny	**25%**	15%
Shanghai Arcata	**12.5%**	12.5%

Notes to Interim Condensed Consolidated Financial Statements

30 June 2011

8. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings per share amount 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 period.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity holders of the Company, adjusted to reflect the interest expense and fair value gain or loss of preference shares, and the profit attributable to the holders of preference shares of the Company, where applicable (see below). 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	
	2011	2010
	US cents	US cents
	(Unaudited)	(Audited)
Earnings per share		
– Basic	**1.28**	1.1
– Diluted	**1.25**	1.0

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

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Earnings		
Profit attributable to equity holders of the Company	**39,575**	25,934
Less: profit attributable to holders of preference shares	**–**	(7,504)
Profit attributable to ordinary equity holders of the Company	**39,575**	18,430

8. Earnings Per Share Attributable to Ordinary Equity Holders of the Company *(continued)*

	Six months ended 30 June	
	2011	2010
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**3,090,215**	1,689,403
Effect of dilution – weighted average number of ordinary shares:		
Share options	**68,172**	159,550
	3,158,387	1,848,953

9. Dividends

On 24 August 2010, the board of directors passed a resolution to declare an interim dividend of 2 HK cents per share for the six months ended 30 June 2010 with an aggregate amount of HK$61,284,000 (equivalent to approximately US$7,876,000) (before tax), of which an amount of HK$4,164,000 (equivalent to approximately US$535,000) has not been collected as at the approval date of these financial statements.

On 23 March 2011, the board of directors proposed a final dividend of 3 HK cents per share for the year ended 31 December 2010 payable to the shareholders whose name appear on the register of members of the Company at the close of business on 24 June 2011. The proposed dividends were approved by the shareholders at the annual general meeting on 24 June 2011. Based on the 3,129,321,000 shares as at 24 June 2011, the final dividend payable amounted to HK$93,880,000 (equivalent to US$12,051,000) (before tax), of which an amount of HK$6,250,000 (equivalent to US$803,000) has not been collected as at the approval date of these financial statements.

On 24 August 2011, the board of directors passed a resolution for the declaration of an interim dividend of 2.5 HK cents per share for the six months ended 30 June 2011 (six months ended 30 June 2010: 2 HK cents). It's expected that the interim dividend payable will amount to HK$78,295,000 (equivalent to approximately US$10,061,000) (before tax) based on the 3,131,796,000 issued shares as at 30 June 2011.

10. Property, Plant and Equipment

During the six months ended 30 June 2011, the Group acquired assets with a cost of US$26,705,000 (six months ended 30 June 2010: US$13,353,000). Assets with a net book value of US$315,000 were disposed of by the Group during the six months ended 30 June 2011 (six months ended 30 June 2010: US$697,000), resulting in a net loss on disposal of US$105,000 (six months ended 30 June 2010: US$418,000).

Notes to Interim Condensed Consolidated Financial Statements

30 June 2011

11. Prepaid Land Lease Payments

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Carrying amount at beginning of period	**11,537**	11,570
Addition	**495**	–
Recognised during the period	**(206)**	(194)
Exchange realignment	**282**	51
Carrying amount at end of period	**12,108**	11,427

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

12. Goodwill

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Cost and net carrying amount at beginning of period	**34,121**	33,896
Exchange realignment	**1,337**	32
Cost and net carrying amount at end of period	**35,458**	33,928

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill is based on value in use calculation that uses a discounted cash flow projection. The key assumption used to determine the recoverable amount for the different cash generating units were discussed in the annual financial statements for the year ended 31 December 2010.

13. Other Intangible Assets

The addition of intangible assets other than goodwill during the six months ended 30 June 2011 mainly represents the internal development cost for new technology of US$883,000 (Six months ended 30 June 2010: nil), and software with acquisition cost of US$185,000 (Six months ended 30 June 2010:US$67,000).

The useful lives of trademarks with a net carrying amount of US$41,721,000 as at 30 June 2011 (31 December 2010: US$40,769,000) are determined by senior management to be indefinite as the trademarks are renewable at insignificant cost at the option of the Group. The trademarks are tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired.

14. Deferred Tax

The Group has tax losses arising in Hong Kong and the UK with an aggregate cumulative amount of US$4,514,000 as at 30 June 2011 (31 December 2010: US$3,095,000) that are available indefinitely for offsetting against future taxable profits of the companies. No deferred tax assets have been recognised for the unused tax losses as at 30 June 2011 (31 December 2010: Nil) as the Company's subsidiaries in Hong Kong and the UK have been loss-making for the past three years, and it cannot be reasonably estimated whether it is probable that their future taxable profits will be available against which the tax losses can be utilised.

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

At 30 June 2011, there were no recognised deferred tax liabilities (31 December 2010: Nil) for taxes that would be payable on the undistributed earnings of the Group's subsidiaries located in Mainland China, as the Group estimated that the undistributed profit of its subsidiaries located in Mainland China earned from 1 January 2008 to 30 June 2011 will not be distributed in the foreseeable future. The cumulative temporary difference for which a deferred tax liability has not been recognised amounted to US$173,776,000 as at 30 June 2011 (31 December 2010: US$135,517,000), and the maximum potential cumulative tax impact as at 30 June 2011 was US$17,233,000 (31 December 2010: US$13,436,000), should the Company's subsidiaries located in Mainland China distribute all earnings generated after 31 December 2007 to the foreign investors.

15. Deposits

The balance as at 30 June 2011 represents a deposit of US$4,308,000 for the construction of a new warehouse in Birmingham, the UK. The cost of the building was deposited with a solicitor of the constructor of the warehouse and will be paid to the constructor upon completion of the construction.

16. Inventories

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Raw materials	**27,040**	19,885
Work in progress	**4,515**	1,053
Finished goods	**39,946**	47,653
	71,501	68,591

The write-down of inventories for the six months ended 30 June 2011 amounted to US$123,000 (Six months ended 30 June 2010: US$1,727,000), which was recorded in cost of sales.

Notes to Interim Condensed Consolidated Financial Statements
30 June 2011

17. Trade and Other Receivables

	Notes	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Bills receivable		36,202	27,262
Trade receivables		122,637	85,321
Provision		(2,697)	(2,181)
	(a)	156,142	110,402
Other receivables		14,650	9,361
Provision		(266)	(260)
	(b)	14,384	9,101
		170,526	119,503

Notes:

(a) Trade and bills receivables

Trade and bills receivables of the Group represent proceeds receivable from sale of goods. The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit periods generally range from 90 to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control management system to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

Bills receivable were all bank acceptance notes with a maturity period within six months.

As at 30 June 2011, no trade or bills receivables were pledged (31 December 2010: pledge of trade receivables of US$6,372,000) to banks to secure the banking facilities granted to the Group's subsidiaries.

17. Trade and Other Receivables *(continued)*

Notes: (continued)

(a) Trade and bills receivables *(continued)*

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

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Within 3 months	125,780	94,924
Between 4 and 6 months	12,124	11,703
Between 7 and 12 months	17,562	2,427
Between 1 and 2 years	668	1,080
Between 2 and 3 years	8	268
	156,142	110,402

(b) Other receivables

The breakdown of other receivables is as follows:

	Notes	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Amounts due from third parties	(i)	7,600	5,485
Amounts due from related parties	(ii)	7,050	3,876
Provision	(iii)	(266)	(260)
Net balance		14,384	9,101

17. Trade and Other Receivables *(continued)*

Notes: (continued)

(b) Other receivables *(continued)*

Notes:

(i) Except for the bank interest receivable of US$1,289,000 (31 December 2010: US$596,000), which has a repayment term of three months, the receivables from third parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

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

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Entities over which a close family member of Mr. Wu Changjiang, a director of the Company, has significant influence	**7,002**	3,830
Other	**48**	46
	7,050	3,876

The amounts due from entities over which a close family member of Mr. Wu Changjiang has significant influence represent trademark licence fees and distribution commission receivable by the Group. The credit terms granted to these related companies are 90 days. The balances are unsecured and non-interest-bearing.

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

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Within 1 year	**13,569**	8,665
Between 1 and 2 years	**815**	382
Over 2 years	**–**	54
	14,384	9,101

As at 30 June 2011, the fair values of trade and other receivables approximate to their carrying amounts largely due to the short term maturities.

18. Prepayments

Amount represents prepayments for raw materials and machinery. Included in the balance are US$4.4 million which bore an interest rate of 1% per month.

Prepayments to related companies (defined in note 28) consist of the following:

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
An entity over which the Company indirectly has significant influence through its associate	**2,557**	367
Entities controlled by Mr. Wu Jiannong, the substantial shareholder of Signkey Group Limited ("Signkey") which is a substantial shareholder of the Company	**1,487**	30
Entities over which a close family member of Mr. Wu Changjiang, a director of the Company, has significant influence	**1,700**	–
	5,744	397

As at 30 June 2011, the fair values of prepayments approximate to their carrying amounts largely due to the short term maturities.

19. Cash and Short-Term Deposits

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Cash and bank balances	**65,098**	125,031
Time deposits:		
Non-pledged time deposits	**129,691**	116,970
Pledged time deposits	**4,094**	1,413
	198,883	243,414
Less:		
Non-pledged time deposits with original maturity of more than three months when acquired	**(47,049)**	(59,235)
Pledged time deposits with original maturity of more than three months when acquired	**(4,094)**	(1,413)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**147,740**	182,766

Notes to Interim Condensed Consolidated Financial Statements

30 June 2011

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

Time deposits were made for varying periods of between two and twelve months depending on the immediate cash requirements of the Group, and earned interest at the respective short-term deposit rates. Pledged deposits were made to banks to secure the issuance of letters of credit or as guarantee for product quality as well as fulfilling contractual obligations at the requests of customers. Cash at banks and pledged deposits earned interest at floating rates based on the daily bank deposit rate. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

As at 30 June 2011, the fair values of cash and short-term deposits approximate to their carrying amounts largely due to the short term maturities.

20. Trade and Bills Payables

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Bills payable	**804**	–
Trade payables to third parties	**61,448**	48,076
Trade payables to related parties	**2,610**	3,221
	64,862	51,297

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

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Entities controlled by Mr. Wu Jiannong, the substantial shareholder of Signkey	**1,180**	1,813
An entity over which the Company indirectly has significant influence through its associate	**1,291**	710
Entities over which a close family member of Mr. Wu Changjiang has significant influence	**139**	698
	2,610	3,221

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

20. Trade and Bills Payables *(continued)*

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

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Within 3 months	**61,510**	50,194
Between 4 and 6 months	**2,490**	526
Between 7 and 12 months	**458**	193
Between 1 and 2 years	**127**	102
Over 2 years	**277**	282
	64,862	51,297

As at 30 June 2011, the fair values of trade and bills payables approximate to their carrying amounts largely due to the short term maturities.

21. Other Payables and Accruals

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Other payables to third parties	**29,075**	33,157
Dividends payable	**12,572**	521
Advances from customers	**3,343**	3,242
Accruals	**2,742**	6,196
Amounts due to related parties	**906**	1,322
	48,638	44,438

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

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Entities controlled by Mr. Wu Jiannong, the substantial shareholder of Signkey	**904**	1,318
Others	**2**	4
	906	1,322

Other payables of the Group as at 30 June 2011 are non-interest-bearing and have no fixed terms of repayment.

As at 30 June 2011, the fair values of other payables and accruals approximate to their carrying amounts largely due to the short term maturities.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2011

22. Interest-bearing Loans

	30 June 2011			31 December 2010		
	Contractual interest rate (%)	**Maturity**	**US$'000**	Contractual interest rate (%)	Maturity	US$'000
Current						
Bank loans – unsecured[1]	**3.158-4.803**	**December 2011**	**9,011**	–	–	–
Bank loans – unsecured[2]	**Base* + 2.10**	**April 2012**	**926**	–	–	–
Total			**9,937**			–

1 The bank loans included RMB-denominated loans of RMB32,428,000 at an interest rate of 3.158% per annum and RMB25,887,000 at an interest rate of 4.803% per annum.

2 The bank loan represents a GBP-denominated loan of GBP577,000.

As at 30 June 2011, the fair values of interest-bearing loans approximate to their carrying amounts largely due to the short term maturities.

* Base means Bank of England base rate.

23. Government Grants

	Six months ended 30 June	
	2011 US$'000 (Unaudited)	2010 US$'000 (Audited)
At beginning of period	**16,320**	8,680
Received during the period	**2,609**	5,275
Released to the income statement	**(1,287)**	(829)
Exchange realignment	**386**	67
At end of period	**18,028**	13,193
Non-current	**18,028**	13,193

Included in the amount received in the current period are the progress payment of government grant as compensation for the relocation of the Group's production centre in Zhejiang amounting to RMB10,000,000 (equivalent to US$1,532,000). The government grant will be recorded in the income statement to match all relocation costs and the carrying amount of the existing land and buildings of the Group's production facilities in Zhejiang which will be transferred to the local government upon completion of the relocation. Other government grants received during the six months ended 30 June 2011 were for encouragement of research and development of energy-saving products.

There are no unfulfilled conditions or contingencies attached to these new grants except that certain land and buildings are required to be transferred to the government upon the completion of the relocation of Zhejiang production centre.

24. Issued Capital

	30 June 2011 (Unaudited)			31 December 2010 (Audited)		
	Number of shares	Par value of each share US$	Total US$	Number of shares	Par value of each share US$	Total US$
Authorised:						
Ordinary shares	500,000,000,000	0.0000001	50,000	500,000,000,000	0.0000001	50,000
Issued and fully paid:						
Ordinary shares	3,131,796,000	0.0000001	313.18	3,064,213,000	0.0000001	306.42

Movements in the Company's issued capital and share premium during the six months ended 30 June 2011 are as follows:

	Notes	Number of shares in issue	Issued capital US$	Share premium US$'000	Total US$'000
At 1 January 2011		3,064,213,000	306.42	315,130	315,130
Share options exercised	*(a)*	67,583,000	6.76	5,207	5,207
Adjustment to 2010 final dividends declared		–	–	(240)	(240)
Acquisition of non-controlling interests in a subsidiary		–	–	(606)	(606)
At 30 June 2011		3,131,796,000	313.18	319,491	319,491

(a) The subscription rights attaching to 67,583,000 share options were exercised at the subscription weighted average price of HK$0.53 (equivalent to US$0.0687) per share (note 25), resulting in the issue of 67,583,000 shares of US$0.0000001 each for a total cash consideration, after expenses, of US$4,640,000. An amount of US$567,000 was transferred from the employee equity benefit reserve to the share premium account upon the exercise of the share options.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2011

25. Pre-IPO Share Option Scheme

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

There has been no cancellation or modification to the Scheme for issued share options during the six months ended 30 June 2011.

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

	Six months ended 30 June 2011 (Unaudited)			Six months ended 30 June 2010 (Audited)		
	Number of options	**Weighted average exercise price per share**		Number of options	Weighted average exercise price per share	
		HK$	**US$ equivalent**		HK$	US$ equivalent
At beginning of period	**139,870,000**	**1.01**	**0.1295**	191,884,000	0.39	0.0503
Granted during the period	**–**	**–**	**–**	48,545,000	2.09	0.2746
Exercised during the period	**(67,583,000)**	**0.53**	**0.0687**	–	–	–
Lapsed during the period	**(800,000)**	**2.1**	**0.2722**	–	–	–
At end of period	**71,487,000**	**1.44**	**0.1855**	240,429,000	0.73	0.0956

For the six months ended 30 June 2011, 800,000 share options were lapsed due to the resignation of an employee.

The weighted average share prices at the dates of exercise for share options exercised during the six months ended 30 June 2011 was HK$3.98 per share.

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

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

30 June 2011			31 December 2010			
Number of options	**Exercise price per share HK$**	**US$ equivalent**	Number of options	Exercise price per share HK$	US$ equivalent	**Vesting periods** *(Note)*
26,217,000	**0.31**	**0.0398**	52,434,000	0.31	0.0398	*(a)*
32,670,000	**2.1**	**0.2698**	32,670,000	2.1	0.2698	*(b)*
9,600,000	**2.1**	**0.2698**	12,500,000	2.1	0.2698	*(c)*
3,000,000	**2.1**	**0.2698**	3,000,000	2.1	0.2698	*(d)*
–		**–**	16,675,000	0.4	0.0514	*(e)*
–		**–**	22,591,000	0.75	0.0964	*(e)*
71,487,000			139,870,000			

Notes:

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

(a) The options vested immediately.

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

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

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

(e) The share option shall vest at the rate of 25% of each such grant for each year measured from the first anniversary of the grant, subject to proportional vesting on a quarterly basis.

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

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 was 4.46 years (31 December 2010: 5.39 years).

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

30 June 2011 (Unaudited)			31 December 2010 (Audited)		
	Weighted average exercise price per share			Weighted average exercise price per share	
Number of share options	HK$	US$ equivalent	Number of share options	HK$	US$ equivalent
27,289,000	0.38	0.05	90,758,708	0.44	0.06

On 31 December 2009, 139,450,000 share options were transferred by certain optionees to Eastern Galaxy Trust, a discretionary trust established by means of a deed of declaration made by HSBC Trustee (Hong Kong) Limited as trustee. On 9 May 2011 and 16 June 2011, 37,016,000 and 1,875,000 share options respectively, were exercised by Eastern Galaxy Investment Limited, a company incorporated in the BVI, as the nominee holding in trust for HSBC Trustee (Hong Kong) Limited. All of the transferred share options have been exercised by 30 June 2011.

The fair value of the share options granted by the Company has been recognised in the income statement over the vesting periods and the total amount recognised as a share option expense for the six months ended 30 June 2011 totalled US$413,000 (six months ended 30 June 2010: US$255,000).

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

As at 30 June 2011, the Company had 71,487,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 71,487,000 additional ordinary shares of the Company and additional share capital of US$7 and share premium of US$13,257,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 71,487,000 share options outstanding under the Scheme, which represented approximately 2.28% of the Company's shares in issue as at that date.

26. Pledge of Assets

No assets of the Group were pledged as at 30 June 2011 (31 December 2010: US$6,372,000).

27. Commitments and Contingencies

(a) Operating lease commitments – Group as lessee

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

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

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Within one year	**418**	495
After one year but not more than five years	**867**	858
More than five years	**225**	225
	1,510	1,578

(b) Operating lease commitments – Group as lessor

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

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

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Within one year	**395**	399
After one year but not more than five years	**248**	325
More than five years	**–**	–
	643	724

Notes to Interim Condensed Consolidated Financial Statements
30 June 2011

27. Commitments and Contingencies *(continued)*

(c) Capital commitments

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

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Contracted, but not provided for:		
Acquisition of property, plant and machinery	**17,698**	10,997
Authorised, but not contracted for:		
Acquisition of property, plant and machinery	**19,513**	52,872
Acquisition of intangible assets other than goodwill	**674**	811
Acquisition of land use rights	**–**	504
	20,187	54,187
	37,885	65,184

(d) Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2011 (31 December 2010: Nil).

28. Related Party Transactions

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

Associate
Mianyang Leici Electronic Technology Co., Ltd.

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

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

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

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

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

28. Related Party Transactions *(continued)*

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the six months ended 30 June 2011:

	Notes	**Six months ended 30 June** **2011** **US$'000** **(Unaudited)**	2010 US$'000 (Audited)
Entities controlled by Mr. Wu Jiannong:			
Purchases of raw materials and finished goods	*(i)*	**3,534**	5,219
Maintenance fee	*(i)*	**1,160**	–
Purchases of machinery	*(i)*	**117**	289
Consultation fee	*(i)*	**–**	130
An entity jointly controlled by Mr. Wu Jiannong and a third party:			
Transportation expenses	*(i)*	**630**	494
Entities over which a close family member of Mr. Wu Changjiang has significant influence:			
Purchases of raw materials and finished goods	*(i)*	**3,381**	3,938
Distribution commission income	*(ii)*	**3,356**	2,091
Trademark licence fee income	*(iii)*	**1,571**	1,208
Sales of finished goods and other materials	*(i)*	**404**	–
Rental income	*(i)*	**11**	30
An entity over which the Company indirectly has significant influence through its associate:			
Purchases of raw materials and finished goods	*(i)*	**5,362**	2,783
An entity owned by a key management personnel of the Group:			
Purchases of raw materials and finished goods	*(i)*	**579**	–

Notes:

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

(ii) Distribution commission income arose from the usage of the Group's distribution network by related parties, charged at a rate of 6% to 8% of the related parties' sales for the period. The charge rate was mutually agreed by both parties.

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

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

28. Related Party Transactions *(continued)*

(c) Outstanding balances with related parties:

The detailed terms regarding the outstanding balances with related parties as at the end of the period are set out in notes 17, 18, 20 and 21 to the financial statements.

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

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Short-term employee benefits	**1,349**	721
Equity-settled share option expenses	**302**	168
	1,651	889

29. Events after the Reporting Period

On 21 July 2011, the existing shareholders consisting of SB Asia Investment Fund II L.P., Signkey Group Limited, GS Direct, L.L.C., Mr.YAN Andrew Y, Mr. LIN Ho-Ping and NVC Inc., which is beneficially owned by Mr. Wu Changjiang, collectively transferred 288,371,000 shares in total, representing 9.2% of the total shares of the Company, to Schneider Electric (China) Co., Ltd..

30. Approval of the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 24 August 2011.

Definitions

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

"China" or "PRC"	the People's Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires, references in this report to "China" and the "PRC" do not apply to Taiwan, the Macau Special Administrative Region and the Hong Kong Special Administrative Region.
"Chongqing NVC"	Chongqing NVC Lighting Co., Ltd.* (重慶雷士照明有限公司), a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 1 December 2006 and our direct wholly-owned subsidiary.
"Code"	the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.
"Company" or "our Company"	NVC Lighting Holding Limited (雷士照明控股有限公司), a company incorporated in the BVI on 2 March 2006 and subsequently redomiciled to the Cayman Islands on 30 March 2010 as an exempted company with limited liability under the laws of the Cayman Islands.
"corresponding period"	means six months ended 30 June 2010 or six months ended 30 June 2011 (as the context may require).
"Director(s)"	the director(s) of the Company.
"GBP"	Pound sterling, the lawful currency of the United Kingdom.
"Group"	our Company and its subsidiaries.
"HID"	High intensity discharge.
"Huizhou NVC"	NVC Lighting Technology Co., Ltd.* (惠州雷士光電科技有限公司), a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 29 April 2006 and our direct wholly owned subsidiary.
"Jiangshan Phoebus"	Jiangshan Phoebus Lighting Electron Co., Ltd.* (江山菲普斯照明有限公司), a limited liability company incorporated in the PRC on 8 March 2006 and our indirect wholly-owned subsidiary.
"LED"	Light-emitting diode.
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Definitions

"Mianyang Leici"	Mianyang Leici Electronic Technology Co., Ltd.* (綿陽雷磁電子科技有限公司), a limited liability company incorporated in the PRC, 35% of its equity interest being held by Huizhou NVC and its remaining equity interest being held by China Electronics Technology Group Corporation No. 9 Academy* (中國電子科技集團第九研究所) (as to 36%), Wen Jiatao (文家濤) (as to 15%) and Zhao Qiyi (趙七一) (as to 14%).
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.
"ODM"	original design manufacturing, a type of manufacturing under which the manufacturer is responsible for the design and production of the products and the products are marketed and sold under the customer's brand name.
"OEM"	original equipment manufacturing whereby products are manufactured in accordance with the customer design and specification and are marketed under the customer's brand name.
"Project Sales"	Project sales are conducted by sales people who will proactively approach potential clients and these clients are normally government agencies or corporates with ongoing or prospective building construction or renovation projects.
"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 2011.
"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.

Definitions

"UK NVC"	NVC (Manufacturing) Limited, a private company incorporated in England and Wales on 31 May 2007, and our direct wholly-owned subsidiary.
"US$" or "US Dollar"	United States dollars, the lawful currency of the United States.
"we", "us" or "our"	our Company or our Group (as the context may require).
"World Through"	World Through Investments Limited (世通投資有限公司), a limited liability company incorporated in the BVI on 5 August 2005 and our wholly-owned subsidiary.
"Zhangpu Phoebus"	Zhangpu Phoebus Lighting Co., Ltd.* (漳浦菲普斯照明有限公司), a limited liability company incorporated in the PRC on 9 May 2004 and our indirect wholly-owned subsidiary.
"Zhejiang NVC"	Zhejiang NVC Lamps Co., Ltd.* (浙江雷士燈具有限公司), a limited liability company incorporated in the PRC on 28 September 2007, a 51% equity interest of which is held by Huizhou NVC and the remaining 49% equity interest of which is held by Zhejiang Tonking Investment Co., Ltd.

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

雷士照明控股有限公司

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