

NVC 雷士照明

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

(Incorporated in the Cayman Islands)
(於開曼群島註冊成立之有限公司)
Stock Code 股份代號: 2222



EXCELLENCE

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目錄

2	Corporate Information
4	Financial Highlights
5	Management Discussion and Analysis
47	Disclosure of Interests
57	Corporate Governance and Other Information
62	Report on Review of Condensed Consolidated Interim Financial Statements
70	Condensed Consolidated Interim Financial Statements
78	Notes to the Condensed Consolidated Interim Financial Statements
129	Definitions

Corporate Information

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Track Light Series
8



Flood Light Series
6



Underwater Light Series
10



Garden Light Series
6



Bollard Series
6



Wall Light Series
6





Batten Light Series
00



Panel Light Series
01



Street Light Series
02



Tunnel Light Series
03



In-ground Light Series
04



Emergency Light Series 1
#05



Emergency Light Series 2
#06



Samples of Main Products of Home Lighting Luminaire:
 主要家居照明灯具样品



Aluminum Light Series
 Y



Flat-panel Low-voltage
 Light Series
 A



Candle Light Series
 B



Brass Light Series
 C



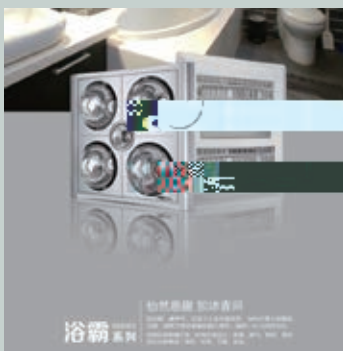
Wrought Iron Light Series
 D



Acrylic Light Series
 -4b



Ventilator Series
 I



Bath Heater Series
 P



Integrated Ceiling Light Series
 Q



Management Discussion Analysis

M&A

Financial Review

Revenue

Revenue represents the net amount of the invoiced value of goods sold after allowances for returns and discounts. During the Period under Review, the turnover of the Group amounted to RMB1,909,663,000, representing a increase of 83.3% compared with the Spring Period.

1,909,663w
@#8.3%
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Revenue by product segments

The turnover of the Group is primarily derived from the sale of Luminaire, Lamp and Lighting electrical products in the Lighting segment.

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		Six months ended 30 June		
		2017	2016	
		2017	2016	
		RMB'000	RMB'000	Growth
Luminaire products	光電	1,262,710	1,140,405	43%
Lamp products	燈具	501,662	443,015	3%
Lighting electrical products	電器	145,291	119,289	330%
Total		1,909,663	1,762,749	83%

Management Discussion Analysis

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Investment capital table
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The table
invests
the following items. On the
table.

2017-2018
/2018

Investment
table V / 2018
FY 2018
_ODM*

Six months ended 30 June

6 30 6

2017

18

2016 1A0 CE B

Management Discussion Analysis

Management Discussion Analysis

Revenue by product

2 LED

The table below shows the revenue by product for the period.

LED revenue by product

		Six months ended 30 June		Growth
		2017	2016	
		RMB'000	RMB'000	
LED lighting products	LED revenue	1,463,148	176,887	4.3%
Non-LED lighting products	Non-LED revenue	446,515	585,862	2.8%
Total		1,909,663	762,749	8.3%

During the period, the sales volume of LED lighting products increased by 13.2% compared with the corresponding period of the previous year. The sales volume of non-LED lighting products increased by 33.0% compared with the corresponding period of the previous year.

Revenue by product

Revenue by product

Revenue by product

Revenue by product

Revenue by product

Revenue by product

Revenue by product

Revenue by product

Revenue by product

Revenue by product

Impacts on revenue

in the international markets. During the period, the Group had the development of LED lighting products and increased the investment in market research. There is a steady increase in sales of LED lighting products for joint international customer based on the ever increasing well known international lighting enterprises in Chinese market using copies of their strategies in the market.

Management Discussion Analysis

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During the Period Review, the sales of LED lighting products increased by 24.3% compared with the same period of the last year, mainly due to the continuous enhancement in the development of new LED lighting products and the increase of the investment in market resources; while the sales of other lighting products showed a positive decline. The development trend is as follows:

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Cost of Sales

The cost of sales mainly consists of the cost of raw materials, cost of manufacturing, direct and indirect labor and indirect costs. Major raw materials of the Group include aluminum alloy, fluorescent powder, gas tube, electronic components and chips, etc. Cost of manufacturing primarily includes the cost of purchased semi-finished products and finished products produced by manufacturer and used in the production of products. Indirect costs primarily include water, electricity, depreciation and administrative charges. The total cost of sales is as follows:

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Six months ended 30 June

6 30 6

		2017 2017	Percentage in revenue (%)	2016 2016	Percentage in revenue (%)
		RMB'000	%	RMB'000	%
Raw materials	«	1,024,311	53.6%	707,830	40%
Cost of manufacturing	. [* 0	143,872	7.5%	45,973	2.6%
Labor	0	131,656	6.9%	7,452	0.7%
Indirect costs	« \	57,677	3.0%	55,448	3%
Total cost of sales		1,357,516	71.1%	1,306,703	74%

Management Discussion Analysis

M#A ±

(i) The table
shows the
electronic

(ii) The table
shows the
electronic

Six months ended 30 June
2017

		2017		2016	
		RMB'000	(%)	RMB'000	(%)
			%	w/DAE	(%)
Luminaire products	LED	444,898	35.2%	361,142	28%
Lamp products	LED	67,153	13.4%	71,439	16%
Lighting electronic products	LED	40,096	27.6%	3,465	2%
Total		552,147	28.9%	456,046	29%

Management Discussion Analysis

2017

(i) The table
summarizes
the

(ii) highlights
the

Six months ended 30 June
2017

		2017		2016	
		RMB'000	(%)	RMB'000	(%)
			%	USD'000	(%)
Gross profit from PRC sales:					
		412,106	38.0%	38,099	96%
		25,724	19.4%	9,880	44%
		437,830	35.9%	337,979	79%
Gross profit from international sales:					
		34,161	19.6%	48,871	73%
		80,156	15.5%	69,96	86%
		114,317	16.5%	88,067	77%
		552,147	28.9%	456,046	59%

Management Discussion Analysis

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(i)

The table shows the total amount of LED lighting products and LED lighting products:

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LED

Six months ended 30 June

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		2017		2016	
		RMB'000	(%)	RMB'000	(%)
			%	wDÆ	(%)
LED lighting products	LEDkÜÜ	455,482	31.1%	337,093	86%
Non-LED lighting products	LEDkÜÜ	96,665	21.6%	8,953	13%
Total product	<ã	552,147	28.9%	446,046	59%

During the Period Review, product margin of Luminaire products increased 28% (35% mainly attributable to the

change in its product pricing strategies (namely, reducing the cost base and development, reducing the payment cost, reducing the manufacturing cost and reducing the labor

price for household luminaire products. Gross profit margin

of lamp products decreased 6% to 34%.

The non-LED lamp products had a gross margin

of 13%

and with the main customers, in the other hand

of 55% TDU / SJ A

the price of additional lamp products continued to

and the manufacturing cost is

attributable

Management Discussion Analysis

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Selling and Distribution Costs

Our selling and distribution costs, including advertising expenses, staff costs, advertising costs, including the expenses, customer care expenses, travelling expenses, depreciation and insurance fees and other miscellaneous costs.

During the Period Review, our selling and distribution costs were RMB2,876,000, representing an increase of 37.4% compared with the corresponding period. The increase was mainly due to the increase in staff costs, increase in the marketing advertising costs, increase in exclusive outlets for the household lighting products and increase in freight expenses. Our selling and distribution costs increased 80% to 10.1%.

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		10.1%			

Administrative Expenses

Our administrative expenses mainly consist of staff costs, depreciation and amortization, research and development expenses, office expenses and other expenses including tax expenses, audit fees, other professional fees, net exchange losses and other miscellaneous expenses. These taxes mainly include tax adjustment in connection with administrative functions.

During the Period Review, our administrative expenses were RMB0,894,000, representing an increase of 1.9% compared with the corresponding period. The increase was mainly attributable to an increase in revenue decreased 95% to 8.9%.

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Other Expenses

Other expenses mainly consist of depreciation, plant and equipment, impairment loss and other intangible assets and other miscellaneous expenses.

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Management Discussion and Analysis

Management Discussion and Analysis

Finance Costs

Finance costs represent interest on borrowings.

Share of Results of Associates

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

Income Tax

During the Period, the Group incurred income tax amounting to RMB5,700,000.

Profit for the Period (including Profit Attributable to Non-controlling Interests)

Due to the impact of the exchange rate (including the impact of RMB9,053,000) during the Period.

Exchange Differences on Translation of Foreign Operations

During the Period, exchange differences on translation of foreign operations were RMB9,724,000. These exchange differences primarily result from the translation of the financial statements of the Group's subsidiaries which are denominated in foreign currencies.

Profit Attributable to Owners of the Parent for the Period

Due to the impact of the exchange rate (including the impact of RMB8,570,000) during the Period.

Profit Attributable to Non-controlling Interests for the Period

During the Period, profit attributable to non-controlling interests for the Period was RMB896,000.

	2017	2016
Finance Costs	1,217,000	1,217,000
Share of Results of Associates	1,217,000	1,217,000
Income Tax	65,217,000	65,217,000
Profit for the Period (including Profit Attributable to Non-controlling Interests)	159,053,000	159,053,000
Exchange Differences on Translation of Foreign Operations	9,724,000	9,724,000
Profit Attributable to Owners of the Parent for the Period	148,157,000	148,157,000
Profit Attributable to Non-controlling Interests for the Period	10,896,000	10,896,000

Cash Flow and Liquidity

Cash flows

The table

provides information on cash flows

in

Six months ended 30 June

2017 2016

RMB'000

RMB'000

Net cash generated from operating activities	¥	91,326	108,688
Net cash used in investing activities	¥	(373,911)	(27,653)
Net cash generated from financing activities	¥	256,801	37,698
Net (decrease) increase in cash and equivalents	¥	(25,784)	18,663
Cash and equivalents at the beginning	¥	1,160,155	97,953
Effect of exchange rates on cash, net	¥	(10,229)	8,97
Cash and equivalents at the end of the reporting period	¥	1,124,142	105,533

At the end of the period under review, the cash and equivalents were RMB1,124,142,000. The RMB is not freely convertible into other currencies, however, under Mainland China's Regulation on the Management of Foreign Exchange and Administration of Settlement, Sale of Foreign Exchange Business, the Group is permitted to exchange RMB for foreign currencies through

the bank. The RMB is not convertible into other currencies. The RMB is not convertible into other currencies. The RMB is not convertible into other currencies.

Management Discussion Analysis

Management Discussion Analysis

Liquidity

Not assessed by capital adequacy

The table below shows the net current assets at the end of the period under review.

		30 June 2017 2016 6 30 RMB'000	31 Dec 2016 12 31 RMB'000
CURRENT ASSETS			
Investments	À	458,010	401,668
Trade receivables	€	1,181,230	1,181,003
Prepayments, deposits and other receivables			

Management Discussion Analysis

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At 30 June 2017 and 31 December 2016, the Group's total assets were RMB407,940,000 and RMB962,635,000 respectively, and the total liabilities were RMB1,407,194,000 and RMB2,201,635,000 respectively. In light of the current liquidity position, the Group has not utilised the unutilised bank credit facilities. In light of the current liquidity position, the Group has not utilised the unutilised bank credit facilities. In light of the current liquidity position, the Group has not utilised the unutilised bank credit facilities.

At 30 June 2017 and 31 December 2016, the Group's total assets were RMB407,940,000 and RMB962,635,000 respectively, and the total liabilities were RMB1,407,194,000 and RMB2,201,635,000 respectively. In light of the current liquidity position, the Group has not utilised the unutilised bank credit facilities. In light of the current liquidity position, the Group has not utilised the unutilised bank credit facilities. In light of the current liquidity position, the Group has not utilised the unutilised bank credit facilities.

Capital Management

The following table provides a breakdown of the Group's capital management.

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	30 June 2017	31 December 2016
	RMB'000	RMB'000

Interest-bearing	¥	499,108	488,683
Total debt	¥	499,108	488,683
Less: non-current assets and shareholders' equity (excluding investments)	¥	(1,344,571)	(1,550,83)
Net debt	¥	N/A	N/A
Total equity attributable to the parent	¥	3,120,198	2,703,481
Geared ratio	¥	N/A	N/A

Management Discussion and Analysis

Management Discussion and Analysis

The primary objective of management is to maintain the stability of the company's financial position and to ensure the long-term growth and profitability of the company. Management is committed to providing high-quality products and services to our customers and to maintaining a strong relationship with our shareholders. Management is also committed to maintaining a strong relationship with our employees and to providing a safe and healthy work environment for all of our employees.

Inventories

The balance of inventories, which includes raw materials, work in progress and finished goods, at the end of the reporting period is as follows:

Category	2019 (RMB million)	2018 (RMB million)	Change (%)
Raw materials	1,234.5	1,100.0	12.2%
Work in progress	567.8	600.0	(5.4%)
Finished goods	345.6	300.0	15.2%
Total	2,147.9	2,000.0	7.4%

Materials

Materials are recorded in the consolidated financial statements at the end of the reporting period.

Trade and bills receivables, prepayment, deposits and other receivables and restricted bank balances and short-term deposits

Trade receivables

The trade receivables are primarily from the sale of products to customers. The trade receivables are recorded in the consolidated financial statements at the end of the reporting period.

Management is committed to providing high-quality products and services to our customers and to maintaining a strong relationship with our shareholders. Management is also committed to maintaining a strong relationship with our employees and to providing a safe and healthy work environment for all of our employees.

Category	2019 (RMB million)	2018 (RMB million)	Change (%)
Trade receivables	1,234.5	1,100.0	12.2%
Prepayment	567.8	600.0	(5.4%)
Deposits	345.6	300.0	15.2%
Other receivables	123.4	100.0	23.4%
Restricted bank balances	78.9	80.0	(1.3%)
Short-term deposits	45.6	50.0	(9.0%)
Total	2,105.8	2,030.0	3.7%

Trade receivables

Trade receivables are recorded in the consolidated financial statements at the end of the reporting period.

Trade and bills receivables, prepayment, deposits and other receivables and restricted bank balances and short-term deposits

The trade receivables are primarily from the sale of products to customers. The trade receivables are recorded in the consolidated financial statements at the end of the reporting period.

Management Discussion Analysis

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up to 30 to 80% of the cost of the asset
 has a maximum edit limit. The Group seeks to maintain strict
 control over its outstanding equity
 investment to minimize edit risk. We do
 not rely on
 the fact that the Group is a
 diversified investor, there is no significant concentration
 of edit risk. The Group does not hold any
 investments over its total equity
 investment.

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During the period under review, turnover
 equaled the total
 period used
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 equity
 7.7%, while it was 3.7% in the period

At 30 June 2017, including payments, equity
 investment
 RMB50,924,000 (31 Dec
 investment RMB5,360,000 at 31 Dec
 June 2017.

At 30 June 2017, including payments, equity
 investment
 amount with
 the same amount was included in
 investment at 31 Dec

More details
 equity investment
 should be referred to the related
 information in financial statements page 96 to 99
 of this report.

Management Discussion Analysis

Management Discussion Analysis

Trade and bills payables

During the period, turnover of trade and bills payables was 1.2 times, compared to 1.1 times in the corresponding period of the previous year. The increase is mainly due to the increase in trade payables, which is mainly due to the increase in trade payables in the interim financial statements of the period.

Interest-bearing loans

Management Discussion Analysis

Convertible Bonds

Management Discussion Analysis

Capital expenditure

Management Discussion Analysis

Off-balance Sheet Arrangement

Except for the derivative contract described in note 7, note 21 and note 22 to the consolidated interim financial statements, we do not have any outstanding derivative financial instruments or guarantees that stand in the way of our ongoing activities involving exchange traded assets.

Capital Commitments

The details of capital commitments are provided in note 23 to the consolidated interim financial statements for this report.

Continuing Connected Transactions

During the Bird's Nest Review, the continuing connected transactions of the Group do not exceed the thresholds previously disclosed in the relevant announcements of the Group.

Mergers, Acquisitions and Investments

On 17 July 2017, the Group formed the Guyana Biotech Growth Investment Fund LP (the Limited Partnership) with Guyana Asset Management (Pty) Limited (the general partner) to invest in (including but not limited to) related to emerging industries such as the lighting energy saving environmental friendly industries private equity fund. Though

Management Discussion Analysis

Major Events

On June 17, Hui zha MVC a wholly owned subsidiary of the Company, has entered into a purchase agreement with Zhuohai Ruiheng Investment Co., Ltd (the Vendor) pursuant to which Hui zha MVC has purchased 100% of the Vendor's shares, representing a total consideration of RMB45,000,000. The Company intends to use the proceeds from the sale of the Vendor's shares to fund the Company's operations. The Company intends to use the proceeds from the sale of the Vendor's shares to fund the Company's operations. The Company intends to use the proceeds from the sale of the Vendor's shares to fund the Company's operations.

On June 17, the Company announced that it has resolved to issue shares of HFLC (listed on the Shenzhen Stock Exchange, stock code: 00205) to the market in an amount of RMB8,000,000 in market value with the acquisition price of RMB45 per share of HFLC. Assuming a purchase price of RMB45 per share of HFLC, it is estimated that the total number of shares represents 14.5% of the total issued shares of HFLC on June 17.

Immediately prior to the above, the Company's wholly owned subsidiary Hui zha MVC held 19.4% of the total issued shares of HFLC. As a result, Hui zha MVC is a substantial shareholder of HFLC. Although the Company still holds shares of HFLC, it is not the controlling shareholder of HFLC under Rule 4.1 of the Listing Rules.

On June 17, 2017, the Company issued 181,818 shares of HFLC at a price of RMB45 per share, resulting in a total consideration of RMB8,181,810. The Company intends to use the proceeds from the sale of the Vendor's shares to fund the Company's operations. The Company intends to use the proceeds from the sale of the Vendor's shares to fund the Company's operations.

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Management Discussion Analysis

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Issue of New Shares Under General Mandate

On June 17, the company and Rising Wealth Limited Lead
 Investment Limited Mr YE Yung Mr EG Guntia and Ms
 ZOU Xinyi (b)
 agreement, pursuant to which the sub
 agreed to sub
 all the issue in aggregate a total of 6368,357,000 sub
 shares. The sub
 represents a discount of approximately 80.5% to the closing
 price of HK\$87 per share as quoted on the Stock Exchange
 on 2 June 17, b
 a discount of approximately 80.5% to the average of the
 closing prices of approximately HK\$87 per share as quoted
 on the Stock Exchange for the last five trading days immediately
 b
 The sub
 issued shares pursuant to the company's at the date of the
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 issued shares pursuant to the company's email dated
 and issue of the sub
 US\$0.000001 per share, the nominal value of the sub
 shares is US\$684 (equivalent to approximately HK\$666)

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Management Discussion Analysis

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Loans and Guarantee

The Group does not provide any financial assistance to its associates and does not provide any guarantee for the facilities granted to its associates.

Event after the Period under Review

No significant event has happened after 30 June 2017.

Contingent Liabilities

(i) At 30 June 2017, contingent liabilities in the consolidated interim financial statements were as follows:

30 June 2017	31 Dec 2016
20	2016
6 30	120 310
RMB'000	RMB'000
(Unaudited)	(Audited)
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(b) During the Birdenr Review, the Group advised clients in lawsuits to fine copy alleging that the Group should assume joint liability payments. The directors do not think that the likelihood of the Group sustaining losses from the joint liability is remote, and accordingly no provision is made in the consolidated financial statements as at 31 December 2017, save for the related legal and other costs. Based on the expert's report and judgments, the interest expense on the joint liability is estimated to be approximately RMB2,000,000 at 9.9% per annum plus compound interest at 9.9% per annum on unpaid interest since 2016, approximately RMB4,000,000 at five times the amount above, and RMB5,497,000 at 0.05% per annum since 4 January 2015.

(b) 2017年12月31日及2016年12月31日，本集團就上述事件向法律顧問諮詢，法律顧問認為，本集團應承擔共同債務的責任，且該項責任的發生可能性極低，因此，本集團在2017年12月31日的綜合財務報表中，除法律及其他費用外，並無就該項共同債務的利息支出作出撥備。根據專家報告及判斷，該項共同債務的利息支出估計為2,000,000港元，按9.9%的利率計算複利，自2016年起，估計為4,000,000港元，為上述金額的五倍，以及自2015年1月4日起，按0.05%的利率計算。

Pledge of Assets

At 30 June 2017, save for the disclosed elsewhere in these consolidated interim financial statements, the following assets of the Group were pledged:

- (1) At 30 June 2017, certain lease rights with carrying amounts of RMB7,654,000 (31 December 2016: RMB8,314,000) and certain bank deposits of RMB4,574,000 (31 December 2016: RMB2,510,000) and RMB4,320,000 (31 December 2016: RMB4,320,000) were pledged to the Group's related assets preservation in certain RCL related proceedings and liabilities respectively.

2017年6月30日，除上述披露外，本集團的下列資產已抵押：

- (1) 於2017年6月30日，本集團的租賃權益的賬面價值為7,654,000港元（2016年12月31日：8,314,000港元）及若干存款的賬面價值為4,574,000港元（2016年12月31日：2,510,000港元）及4,320,000港元（2016年12月31日：4,320,000港元）已抵押予本集團的相關資產保全及債務清償程序。

Management Discussion

Management Discussion

- (2) At 30 June 2017, retained earnings amounted to RMB5,041,000 (31 December 2016: RMB7,347,000) were pledged to the bank.
- (3) In line with several letter of guarantee, deposits with carrying amounts of RMB208,000 (31 December 2016: RMB4,533,000) were pledged to several letter of guarantee.
- (4) The deposits with carrying amounts of RMB,501,000 (31 December 2016: RMB,501,000) were pledged to the bank.

- (2) 截至2017年6月30日*及2016年12月31日，人民币47,347,000元*
- (3) 截至2017年6月30日*及2016年12月31日，人民币21,088,000元及人民币34,533,000元
- (4) 截至2017年6月30日*及2016年12月31日，人民币26,501,000元

Employees

At 30 June 2017, the Group had approximately 6,731 employees in total. (31 December 2016: 6,238 employees). Under Review, the relevant employee salary and expense was RMB6,965,000 (including share option expense of RMB111,000) while the relevant employee salary and expense was RMB7,210,000 (including share option expense of RMB9,000) for the Group. The Group regularly reviews remuneration and benefits to the relevant market practice and individual performance of the employees. In addition to the employees entitled to the employee incentive schemes, discretionary incentive and share option schemes. The Group issues that relate to training and professional development opportunities to all employees so that they can meet their development needs.

截至2017年6月30日，集团共有约6,731名员工。截至2016年12月31日，集团共有约6,238名员工。在审阅期间，集团的相关员工薪酬及开支为人民币6,965,000元（包括人民币111,000元的期权费用），而截至2016年12月31日，集团的相关员工薪酬及开支为人民币7,210,000元（包括人民币9,000元的期权费用）。集团定期审查薪酬及福利，以符合相关市场惯例及个别员工的表现。除员工激励计划外，集团亦会酌情发放激励及股份期权计划。集团会发出与培训及专业发展相关的计划，以协助所有员工满足其发展需要。

Market Risks

We expect various market risks in the ordinary course of business. The effects of these risks to our financial results

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Foreign Currency Risk

We expect our net foreign currency risk. Sub risk arises from sales agreement to the United States. As a result, we are expected to fluctuate in the exchange rate between currencies. During the period under review, the Government did not intervene in the market to help the foreign exchange market. Experience may materialize difficulties negative impacts on corporate liquidity as a result of fluctuations in exchange rates.

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Commodity Price Risk

We expect fluctuations in the prices for materials which are influenced by commodity prices. Fluctuations in the prices for materials can adversely affect our financial performance. We do not enter into any commodity derivative instruments to hedge the potential commodity price risks.

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Liquidity Risk

We monitor our risk through cash flow and the maturity of our financial instruments, financial assets and liabilities to maintain a balance. In our December 31, 2016 review, we have no significant liquidity risk.

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Credit Risk

Our credit risk arises from exposure to subordinated debt. We have established procedures to ensure that the sales of products are made to customers with appropriate credit limits, and we have strict credit control limits to be followed mainly deposited with established

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Management Discussion

Financial

We have policies that limit credit risk exposure to financial institutions. The payments to be received

in addition to equivalents and short-term deposits included in the consolidated statement of financial position represent our maximum exposure to credit risk in relation to our financial assets. We have no other financial assets which are significant exposure to credit risk. In 2016, we entered into a number

of insurance policies which covered up to 85% of the liability

of interest in sales during the period from 1 December

to 30 November RMB90,000 (RMB sales) and US\$5,000,000 (equivalent to approximately RMB3,450,000) of interest in sales. We purchased insurance in order to minimize our exposure to

credit risk as we expand our business when they become

available. The maximum amount of credit risk exposure to financial institutions is limited to the amount of the receivables and short-term deposits included in the consolidated statement of financial position.

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SBSia	Idca	Idia wp	588,23,000 (L)	64%	Investm Fund II LP
SAF II GP, LP	Investi pa nd le ly thesub sta sha Y Y	Idia wp	588,23,000 (L) (Note 5) €•W5•	64%	
SAF Ia	Investi pa nd le ly thesub sta sha Y Y	Idia wp	588,23,000 (L) (Note 5) €•W5•	64%	rtas II LP
SAF II GP 0	Investi pa nd le ly thesub sta sha Y Y	Idia wp	588,23,000 (L) (Note 5) €•W5•	64%	pta
Guyua (Aig rba I Fud Sgrga Guoyuan Investment Fund Series SPC Guoyuan Global Income Fund Segregated Portfolio+•	Investi ma %	Idia wp	540,540,540 (L) (Note 6) €16 •	509%	Investm Fund Series S IiG Guyua te nti i
Risig la D	Idca	Idia wp	402,330,000 (L) (Note 7) €•W7•	28%	Ith Limited
ZHAYu J	Investi pa nd le ly thesub sta sha Y Y	Idia wp	402,330,000 (L) (Note 7) €•W7•	28%	
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1	Shri Lanka Industries S.S. (පුළුල් ප්‍රමාණයේ) වෙළඳපොළේ	විකල්පය	88,371,000 (L) (Note 8) € 108.3	80.5%
2	Shri Lanka Cement (පුළුල් ප්‍රමාණයේ) වෙළඳපොළේ	විකල්පය	88,371,000 (L) (Note 8) € 108.3	80.5%
3	විදේශීය	විකල්පය	70,27,000 (L)	75.4%
4	විදේශීය	විකල්පය	7,433,000 (L) (Note 9) € 9.1	0%

Notes:

- (L) ප්‍රමාණය
- Shri Lanka Cement Limited & Sri Lanka Cement (Pvt) Limited වෙළඳපොළේ

- (L) ප්‍රමාණය
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3. Thesha Limited, a wholly owned subsidiary of Thesha International Holdings Limited, which is a subsidiary of Thesha International Holdings Limited.

3. Haitong International Securities Company Limited, Haitong International Securities Company Limited, Haitong International Finance Company Limited, Haitong International Finance Company Limited, Haitong International (BVI) Limited, Haitong International (BVI) Limited, Haitong International Securities Group Limited, Haitong International Holdings Limited, Haitong International Securities Group Limited, Haitong International Holdings Limited, Haitong Securities Co., Ltd., Haitong Securities Co., Ltd., Haitong International Securities Group Limited.

4. Thesha (588,23,000 shares) is a subsidiary of Thesha International Holdings Limited.

4. SB Asia Investment Fund II L.P., SAIF Partners IV L.P., SB Asia Investment Fund II L.P., SAIF Partners IV L.P.

5. Thesha SB Asia SAIF II GP, LP, which is a subsidiary of Thesha International Holdings Limited.

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The Directors are of the opinion that, during the Period under Review, the Company had complied with the applicable principles and codes provisions set out in the Code, except for Code Provision A.2.1 which requires that the role of chairman and chief executive officer should be separate and should not be performed by the same person. Given that Mr. WANG Donglei assumed the roles of both chairman and chief executive officer, the Company deviated from this code provision. Mr. WANG Donglei is a director and the chairman of ETIC, which is the controlling corporation of the largest shareholder of the Company, Elec-Tech International (H.K.) Company Limited. Mr. WANG Donglei has many years of experience in product research and development, manufacturing and business management. The dual role arrangement provides strong and consistent market leadership and is critical for efficient business planning and decision making of the Company. As all major decisions are made in consultation with members of the Board and its other relevant committees, and there are four Independent Non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purposes of complying with the Code and maintaining a high standard of corporate governance practices of the Company. Save as disclosed above, the Company had fully complied with the principles and code provisions as set out in the Code.

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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 all the Directors have confirmed that they had complied with all relevant requirements as set out in the Model Code during the Period under Review.

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Risks

The Board continuously oversees the Group's risk management and internal control systems on an ongoing basis. During the Period under Review, the Board, through the audit committee of the Company, conducted a review of the effectiveness of the internal control system of the Group, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function.

The Company has established internal audit systems including the internal audit department and the risk control department to review and improve the Group's internal control measures and oversee the measures to be implemented effectively. They all report directly to the chief executive officer. It is complementary to the duties of the external auditor and plays an important role in the Company's internal governance.

After receiving the confirmation from the management to the Board regarding the effectiveness of these systems, the Board is of the view that the Group's risk management and internal control systems are well-established, effective and adequate.

Audit Committee

The Company established an audit committee (the "Audit Committee") in compliance with the Listing Rules with written terms of reference. The primary duties of the Audit Committee include maintaining relationship with the auditor of the Group, reviewing financial information of the Group, supervising the financial reporting system, risk management and internal control system of the Group, and the duties of corporate governance designated by the Board. Currently, the Audit Committee consists of three members, namely, Non-executive Director Ms. YANG Jianwen, Independent Non-executive Director Mr. LEE Kong Wai, Conway and Independent Non-executive Director Mr. WANG Xuexian, respectively. Mr. LEE Kong Wai, Conway has been appointed as the chairman of the Audit Committee. The Audit Committee has reviewed and discussed the interim results for the six months ended 30 June 2017.



The Company established a remuneration committee (the “Remuneration Committee”) in compliance with the Listing Rules with written terms of reference. The primary duties of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration. Currently, the Remuneration Committee consists of three members, namely, Non-executive Director Mr. LI Wei, Independent Non-executive Director Mr. LEE Kong Wai, Conway and Independent Non-executive Director Mr. WEI Hongxiong, respectively. Mr. WEI Hongxiong has been appointed as the chairman of the Remuneration Committee.

Nomination Committee

The Company established a nomination committee (the “Nomination Committee”) in compliance with the Code with written terms of reference. The primary duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors. Currently, the Nomination Committee consists of three members, namely, Executive Director Mr. WANG Donglei, Independent Non-executive Director Mr. LEE Kong Wai, Conway and Independent Non-executive Director Mr. WEI Hongxiong, respectively. Mr. WANG Donglei has been appointed as the chairman of the Nomination Committee.



The Company established a strategy and planning committee (the “Strategy and Planning Committee”) under the Board with written terms of reference. The primary duty of the Strategy and Planning Committee is to propose and formulate the strategic development plan of the Company for the Board’s consideration. Currently, the Strategy and Planning Committee consists of four members, namely, Executive Director Mr. WANG Donglei, Executive Director Mr. XIAO Yu, Non-executive Director Mr. LI Wei and Independent Non-executive Director Mr. WANG Xuexian, respectively. Mr. WANG Donglei has been appointed as the chairman of the Strategy and Planning Committee.

Independent Investigations Committee

To advance the internal investigations into matters involving Mr. WU Changjiang, the former Executive Director and Chief Executive Officer of the Company, the Company has established an independent investigations committee (the “Independent Investigations Committee”) under the Board. The Independent Investigations Committee has been authorised by the Board to exercise powers and perform duties on behalf of the Board in relation to the conduct of the investigations into, among other things, the alleged wrongdoing of Mr. WU Changjiang. The Independent Investigations Committee has also been authorised to

SCOPE OF REVIEW

Except as explained in the basis for qualified conclusion paragraphs below, 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.

BASIS FOR QUALIFIED CONCLUSION

- (a) Impairment of other receivables and uncertainties relating to financial guarantee contracts

As set out in Note 18 to the condensed consolidated interim financial statements, a subsidiary of the Company (the "Subsidiary") entered into several pledge and guarantee agreements in 2013 and 2014 (the "Pledge and Guarantee Agreements") with certain banks in the People's Republic of China (the "PRC"), providing guarantees to the banks for their loan facilities granted to certain borrowers. Counter guarantees were provided by one of the borrowers of the bank loans (the "Borrower") to the Group. During 2014, aggregate pledged time deposits of RMB550,924,000 of the Subsidiary had been withdrawn by the banks due to default of the bank loans under the guarantees of the Subsidiary.

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**BASIS FOR QUALIFIED CONCLUSION
(continued)**

- (a) Impairment of other receivables and uncertainties relating to financial guarantee contracts (continued)

The Group initiated legal actions to claim the counter guarantees provided by the Borrower. As at 31 December 2016 and 30 June 2017, other receivables of RMB550,924,000 due from the Borrower were included in "Prepayments, deposits and other receivables" in the condensed consolidated statement of financial position as set out in Note 14 to the condensed consolidated interim financial statements. The directors are of the opinion that an amount of RMB265,564,000 (the "Recoverable Amount") is recoverable as at 31 December 2016 and 30 June 2017, and accordingly a provision for the irrecoverable amount of RMB285,360,000 had been recognised in profit or loss for the year ended 31 December 2014. There was no subsequent reversal of the provision or further provision recognised.

As set out in Note 18 to the condensed consolidated interim financial statements, the Subsidiary also entered into guarantee agreements with another PRC bank in 2013 (the "Guarantee Agreement 1") and a PRC finance company in 2014 (the "Guarantee Agreement 2") respectively, providing guarantees to the PRC bank and the PRC finance company for their loan facilities granted to their borrowers. The outstanding loans of RMB35,497,000 and RMB34,000,000 in relation to the Guarantee Agreements 1 and 2 were in default in 2015 and 2014 respectively. The PRC bank and the PRC finance company have taken legal actions against the respective borrowers and the guarantors (including the Subsidiary and the Borrower as guarantors) to recover the loan balances and interests.

	2016	2017
Impairment of other receivables and uncertainties relating to financial guarantee contracts	—	—
Other receivables	550,924	550,924
Provision for irrecoverable amount	(285,360)	(285,360)
Recoverable amount	265,564	265,564
Guarantee agreements	—	—
Outstanding loans	35,497	34,000
Provision for irrecoverable amount	(35,497)	(34,000)
Recoverable amount	—	—

**BASIS FOR QUALIFIED CONCLUSION
(continued)**

(a) Impairment of other receivables and uncertainties relating to financial guarantee contracts (continued)

However, as the legal proceedings in relation to the Pledge and Guarantee Agreements and the Guarantee Agreement 2 are still in progress and the financial consequence of the final judgement about the legal proceeding in relation to the Guarantee Agreement 1 on the Group is still uncertain and we are unable to obtain sufficient evidence to ascertain the above management assessment, we are not able to assess the likely outcome of the legal proceedings in respect of the amount that the Group would recover from the Borrower's assets as determined by the court and the amount ultimately to be recovered from the Borrower in connection with the Pledge and Guarantee Agreements, and to determine if any provision arising from the Guarantee Agreements 1 and 2 is necessary. As a result, we are not able to ascertain the recoverability of the Recoverable Amount due from the Borrower and any provision for the Guarantee Agreements 1 and 2 as at 30 June 2017 should be recognised. Our audit opinion on the Company's annual consolidated financial statements ended 31 December 2016 was qualified in this respect.

Any adjustments to the Recoverable Amount due from the Borrower and any provision to be recognised as at 31 December 2016 and 30 June 2017 in respect of the Guarantee Agreements 1 and 2 would have a consequential impact on the Group's net assets as at 31 December 2016 and 30 June 2017, and the Group's financial performance for the periods then ended. Our review conclusion on the Company's condensed consolidated interim financial statements for the six months ended 30 June 2016 was also qualified in this respect.

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**BASIS FOR QUALIFIED CONCLUSION
(continued)**

- (a) Impairment of other receivables and uncertainties relating to financial guarantee contract (continued)

Had we been able to complete our review of the Recoverable Amount due from the Borrower and provision to be recognised as at 30 June 2017 in respect of the Guarantee Agreements 1 and 2, matters might have come to our attention indicating that adjustments might be necessary to the condensed consolidated interim financial statements.

- (b) Provision for loss on financial guarantee contract

As set out in Note 18 to the condensed consolidated interim financial statements, in addition to the agreements as mentioned in the above paragraphs, the Subsidiary entered into a guarantee agreement (the "Guarantee Agreement 3") with a PRC bank in 2014, providing guarantee to the bank for a loan facility granted to its borrower. The bank loan was in default in 2014 and the bank has taken legal actions against the borrower and the guarantors (including the Subsidiary) to recover the bank loan balance and interest. A court order was issued to freeze assets of the guarantors (including the Subsidiary) in the amount of RMB62,000,000. As a result of the court order, bank balance of the Subsidiary in the amount of RMB55,396,000 had been frozen by the bank as at 31 December 2016. According to the first court judgement in 2016 and the final court judgement in January 2017, the Subsidiary is adjudicated to be jointly liable for the payment to the PRC bank of RMB60,000,000, plus interest and costs. In February 2017, the frozen bank balance of the Group has been withdrawn by the court for the purpose of settlement of the claim by the PRC bank. The Subsidiary has filed application of retrial of the PRC court judgements in relation to the Guarantee Agreement 3 and the related outcome of the application according to the official legal documents received by the Subsidiary is pending as of the date of approval of these condensed consolidated interim financial statements and accordingly the Group is of the view that the legal proceedings are still in progress notwithstanding the final court judgement. As at 30 June 2017, the withdrawn amount of RMB55,396,000 was included in "Prepayments, deposits and other receivables" in the condensed consolidated statement of financial position as set out in Note 14 to the condensed consolidated interim financial statements.

2017年6月30日
 截至2017年6月30日，
 本集团已计提减值准备
 1,214,000元。

18
 2014年7月5日，
 本公司与一家
 中国境内银行
 签订了金额为
 62,000,000元
 的担保协议。该
 银行已于2016
 年12月31日
 冻结了本公司的
 银行存款余额
 55,396,000元。
 2016年12月31日，
 本集团被裁定
 对60,000,000元
 的贷款本金及
 利息承担连带
 清偿责任。2017
 年1月，法院裁
 定冻结的本集团
 银行存款余额
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 已用于偿还该
 笔贷款。2017
 年2月，法院裁
 定解除对本公司
 银行存款余额
 55,396,000元
 的冻结措施。本
 公司就上述担保
 协议向法院提出
 再审申请，目前
 仍在审理中。本
 集团认为，尽管
 法院已作出最终
 判决，但法律程
 序仍在进行中，
 因此本集团仍将
 该笔款项列示为
 预付款、存款及
 其他应收款。



**BASIS FOR QUALIFIED CONCLUSION
(continued)**

(b) Provision for loss on financial guarantee contract
(continued)

The directors, with reference to legal opinion obtained and other factors, consider that the likelihood of the Group sustaining losses from the guarantee is remote as it is considered that the bank loan had sufficient underlying securities and the Subsidiary is only one of the guarantors for the bank loan. The directors believe that the withdrawn bank balance will be fully recovered upon the conclusion of the retrial of the PRC court judgements and no provision on the frozen and subsequently withdrawn amount is considered necessary as at 31 December 2016 and 30 June 2017 respectively. In addition, the directors are of the opinion that no provision on any shortfall between the amount to be ultimately settled by the Group under the Guarantee Agreement 3 and the Subsidiary's frozen and subsequently withdrawn bank balance is considered necessary as at 31 December 2016 and 30 June 2017 respectively.

However, we are not able to assess the likelihood of successfully applying for the retrial of the PRC court judgements by the Group and the likely outcome of such retrial of the PRC court judgements and we are unable to obtain sufficient evidence to ascertain the above management assessment, and accordingly, we are not able to ascertain whether any provision on the frozen and subsequently withdrawn bank balance as at 30 June 2017, and any shortfall between the amount to be ultimately settled by the Group under the Guarantee Agreement 3 and the Subsidiary's frozen and subsequently withdrawn amount is required to be made as at 30 June 2017. Our audit opinion on the Company's annual consolidated financial statements ended 31 December 2016 was qualified in this respect.

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Condensed Consolidated Statement of Profit or Loss

		Six months ended 30 June	
		6 30 6	6 30 6
		2017	2016
		2017	2016
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
		—	—
		—	—
REVENUE		1,909,663	1,762,749
Cost of sales	∅	(1,357,516)	(1,306,703)
GROSS PROFIT		552,147	456,046
Other income and gains	∅	69,879	32,537
Selling and distribution costs	∅	(192,876)	(140,412)
Administrative expenses	M#	(170,894)	(167,724)
Other expenses	∅	(19,135)	(40,184)
Finance costs	∅	(21,279)	(4,957)
Share of results of associates	∅	6,428	545
Gain on disposal of a subsidiary	∅	—	7,419
PROFIT BEFORE INCOME TAX		224,270	143,270
Income tax	∅	(65,217)	(45,012)
PROFIT FOR THE PERIOD		159,053	98,258
Attributable to:	∅		
Owners of the parent	∅	148,157	82,140
Non-controlling interests	∅	10,896	16,118
		159,053	98,258
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			(Re-presented)
Basic	∅	4.53 cents	2.59 cents
		4.53	2.59±
Diluted	∅	3.78 cents	2.59 cents
		3.78	2.59±

Details of the dividend are disclosed in Note 9 to the condensed consolidated interim financial statements.

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Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
		6 30 6	
		2017	2016
		2017	2016
		RMB'000	RMB'000
		U	(Unaudited)
		—	—
PROFIT FOR THE PERIOD		159,053	98,258
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified	100		
subsequently to profit or loss:	&B0Ej		
Exchange differences on translation	100*Y		
of foreign operations	0X	9,724	(10,277)
Fair value gain on available-for-sale	6AD*		
financial assets	00	100	2,600
TOTAL COMPREHENSIVE INCOME		168,877	90,581
FOR THE PERIOD			
Attributable to:			
Owners of the parent	00	157,696	74,626
Non-controlling interests	00	11,181	15,955
		168,877	90,581

Condensed Consolidated Statement of Financial Position

			30 June 2017 2017 6 30 RMB'000	31 December 2016 2016E 12Ü 31Ü RMB'000
		Notes W	Ü —	(Audited) —
NON-CURRENT ASSETS				
Property, plant and equipment	8e@	10	639,535	650,583
Prepaid land lease payments	k@-	11	46,779	47,439
Goodwill	,		21,161	21,161
Other intangible assets	l@*		295,030	312,240
Investments in associates	ü@		44,458	41,030
Investment in a joint venture	ü@		100,000	100,000
Long term investments	ü@	12	275,705	23,000
Deferred tax assets	ü@		48,833	48,704
Prepayments for purchase of property, plant and equipment	o8e@ ü@		422,825	102,252
Total non-current assets			1,894,326	1,346,409
CURRENT ASSETS				
Inventories	Ä	13	458,010	401,668
Trade and bills receivables	q@ü	14	1,181,230	1,218,003
Prepayments, deposits and other receivables	k@Cj l@	14	386,591	343,115
Income tax recoverable	k@		10,340	4,596
Other current assets	l@*		13,388	25,303
Restricted bank balances and short-term deposits	a@X ü@	14	220,429	445,424
Cash and cash equivalents	\$@J		1,124,142	1,160,155
Total current assets			3,394,130	3,598,264

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Condensed Consolidated Statement of Financial Position

			30 June 2017 2016 6 30 RMB'000	31 December 2016 2015 12 31 RMB'000
		Notes W	(U —	(Audited) —
CURRENT LIABILITIES				
Trade and bills payables	q@ B	15	756,274	750,036
Other payables and accruals	l@A		656,467	749,975
Interest-bearing loans	f>	16	65,826	48,411
Government grants	B		1,931	2,026
Income tax payable	@		38,602	24,951
Convertible bonds – derivative component	lp AA.	17	34,554	60,230
Convertible bonds – liability component	lp AA.	17	433,282	—
Total current liabilities			1,986,936	1,635,629
NET CURRENT ASSETS			1,407,194	1,962,635
TOTAL ASSETS LESS CURRENT LIABILITIES			3,301,520	3,309,044
NON-CURRENT LIABILITIES				
Government grants	B		12,007	12,859
Deferred tax liabilities	EA		87,815	82,238
Convertible bonds – liability component	lp AA.	17	—	440,272
Total non-current liabilities			99,822	535,369
Net assets			3,201,698	2,773,675
EQUITY				
Equity attributable to owners of the parent				
Issued capital	SI		3	2
Reserves	e		3,120,195	2,674,734
Proposed final dividend	D p ¹		—	28,745
			3,120,198	2,703,481
Non-controlling interests			81,500	70,194
Total equity			3,201,698	2,773,675

WANG Donglei

Director
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XIAO Yu

Director
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Condensed Consolidated Statement of Cash Flows

		Six months ended 30 June	
		6 30 6	6 30 6
		2017	2016
		2017	2016
		RMB'000	RMB'000
		U	(Unaudited)
		—	—
<hr/>			
Cash flows from operating activities			
Cash generated from operations	¥	143,188	147,759
Tax paid	¥	(51,862)	(39,141)
		<hr/>	
Net cash flows generated from operating activities		91,326	108,618
		<hr/>	
Cash flows from investing activities			
Interest received	\$	13,467	12,783
Proceeds from disposal of items of property, plant and equipment	¥	5,689	2,830
Prepayments for and purchases of items of property, plant and equipment	¥	(362,810)	(24,223)
Acquisition of interest in a subsidiary	¥	(263)	(517,348)
Purchases of long term investments	¥	(255,293)	(22,000)
Investments in associates	¥	—	(7,300)
Investment in a joint venture	¥	—	(100,000)
Proceeds from disposal of a subsidiary	¥	—	30,127
Dividend received	¥	3,000	—
Additions to other intangible assets	¥	(2,696)	(1,880)
Decrease in the restricted bank balances and short term deposits	¥	224,995	409,358
		<hr/>	
Net cash flows used in investing activities		(373,911)	(217,653)
		<hr/>	

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Condensed Consolidated Statement of Cash Flows

		Six months ended 30 June	
		6 30 6	6 30 6
		2017	2016
		2017	2016
		RMB'000	RMB'000
		U	(Unaudited)
		—	—
<hr/>			
Cash flows from financing activities			
Capital contribution from non-controlling shareholders	\$p#	—	2,434
Dividends paid to non-controlling shareholders	\$pμ p ¹	—	(30,000)
Dividends paid	\$ ¹	(28,745)	(26,210)
New bank loans	-#0	15,908	44,911
Repayment of bank loans	p	(222)	(171,922)
Interest paid	\$	(17,906)	(3,668)
Proceeds from issuance of convertible bonds	ilpA0 s	—	422,153
Proceeds from issuance of ordinary shares	ivp0	287,766	—
		<hr/>	
Net cash flows generated from financing activities		256,801	237,698
		<hr/>	
Net (decrease)/increase in cash and cash equivalents	\$\$J JEX	(25,784)	128,663
Cash and cash equivalents at beginning of period	\$\$J	1,160,155	917,953
Effect of foreign exchange rate changes, net	BX	(10,229)	8,917
		<hr/>	
Cash and cash equivalents as stated in the statement of financial position and cash flows		1,124,142	1,055,533
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Condensed Consolidated Statement of Changes in Equity

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Six months ended 30 June 2017

2017年6月30日止六个月的

Attributable to owners of the parent

		Share capital	Share premium	Equity reserve	Other reserve	Shareholders' contribution	Statutory reserve	Employee	Foreign	Retained profits	Proposed	Total	Non-	Total
								benefit reserve	currency translation reserve		final dividend		controlling interests	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	2017年1月1日	2	1,107,656	(4,158)	1,000	6,416	156,457	312	(127,389)	1,534,440	28,745	2,703,481	70,194	2,773,675
Profit for the period	1;-	-	-	-	-	-	-	-	-	148,157	-	148,157	10,896	159,053
Other comprehensive income:	10													
Exchange differences on translation of foreign operations	10													
	X	-	-	-	-	-	-	-	9,439	-	-	9,439	285	9,724
Fair value gain on available-for-sale financial assets	6/-D*													
	8	-	-	-	100	-	-	-	-	-	-	100	-	100
Total comprehensive income for the period	10				100	-	-	-	9,439	148,157	-	157,696	11,181	168,877
Transfer to statutory reserve	7)8	-	-	-	-	1,205	-	-	-	(1,205)	-	-	-	-
Forfeiture of share options	p80	-	-	-	-	-	-	(312)	-	312	-	-	-	-
Issue of ordinary shares	wp	1	287,765	-	-	-	-	-	-	-	-	287,766	-	287,766
Acquisition of a subsidiary	8n8	-	-	-	-	-	-	-	-	-	-	-	125	125
Dividend paid	81	-	-	-	-	-	-	-	-	-	(28,745)	(28,745)	-	(28,745)
At 30 June 2017 (Unaudited)	2017年6月30日	3	1,395,421	(4,158)	1,100	6,416	157,662	-	(117,950)	1,681,704	-	3,120,198	81,500	3,201,698

Continued/...

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Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2017

2017 6 30 6

		Attributable to owners of the parent												
		N												
		Share capital	Share premium	Equity reserve	Other reserve	Shareholders' contribution	Statutory reserve	Employee equity benefit reserve	Foreign currency translation reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
		pl	p.P.	Āē	liā	p	⊙	Eē	.Āē	5Ā-	D	¥	€	Āē
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		wD/Āē	wD/Āē	wD/Āē	wD/Āē	wD/Āē	wD/Āē	wD/Āē	wD/Āē	wD/Āē	wD/Āē	wD/Āē	wD/Āē	wD/Āē
At 1 January 2016	2016E 1U 1U	2	1,840,716	(4,158)	-	6,416	130,452	4,549	(92,553)	1,405,273	26,210	3,316,907	139,122	3,456,029
Profit for the period	l,-	-	-	-	-	-	-	-	-	82,140	-	82,140	16,118	98,258
Other comprehensive income:	lĀē													
Exchange differences on translation of foreign operations	lĀē													
	*Y0													
	X	-	-	-	-	-	-	-	(10,114)	-	-	(10,114)	(163)	(10,277)
Fair value gain on available-for-sale financial assets	6/-D*													
	8													
		-	-	-	2,600	-	-	-	-	-	-	2,600	-	2,600
Total comprehensive income for the period	lĀē													
	¥	-	-	-	2,600	-	-	-	(10,114)	82,140	-	74,626	15,955	90,581
Transfer to statutory reserve	7 ⊙	-	-	-	-	-	7,029	-	-	(7,029)	-	-	-	-
Forfeiture of share options	pĀēD	-	-	-	-	-	-	(235)	-	235	-	-	-	-
Employee share option arrangements	p pĀē	-	-	-	-	-	-	239	-	-	-	239	-	239
Acquisition of addition interests in a subsidiary	8 n⊙													
	X Āē	-	(525,725)	-	-	-	-	-	-	-	-	(525,725)	(26,347)	(552,072)
Capital contribution from non-controlling interest	pĀē	-	-	-	-	-	-	-	-	-	-	-	2,434	2,434
Dividend paid to a non-controlling shareholder	€ p	-	-	-	-	-	-	-	-	-	-	-	(30,000)	(30,000)
Transfer upon disposal of a subsidiary	8 n⊙													
	7	-	-	-	-	-	(767)	-	-	767	-	-	-	-
Dividend paid	p̂	-	-	-	-	-	-	-	-	-	(26,210)	(26,210)	-	(26,210)
At 30 June 2016 (Unaudited)	26 6 30	-	2,134,991	(4,158)	2,600	6,416	136,714	4,553	(102,667)	1,481,386	-	2,839,837	101,164	2,941,001

Notes to the Condensed Consolidated Interim Financial Statements

1.2 Changes In Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new and revised standards and interpretations effective as of 1 January 2017. The nature and the impact of each new standard or amendment that are relevant to the Group are described below:

Amendments to IAS 7, Disclosure Initiative

Amendments to IAS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosures to be provided in the Group's annual financial statements. The Group is not required to provide the additional disclosures in these condensed consolidated interim financial statements.

Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to IAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situation. The amendments clarify that an entity, when assessing whether taxable profit will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

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Notes to the Condensed Consolidated Interim Financial Statements

1.2 Changes In Accounting Policies and Disclosures (continued)

Amendments to IFRS 12, Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements of IFRS 12, other than for those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 5.

None of the above amendments that are effective for the first time for periods beginning on or after 1 January 2017 has a material effect on these condensed consolidated interim financial statements. The Group has not applied any new IFRSs or amendments that are not yet effective for the current accounting period.

2. Seasonality of Operations

The principal operations 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.

	2017	2016
Amendments to IFRS 12, Clarification of the scope of disclosure requirements in IFRS 12	12	12
The amendments clarify that the disclosure requirements of IFRS 12, other than for those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 5.	B10-B16	
None of the above amendments that are effective for the first time for periods beginning on or after 1 January 2017 has a material effect on these condensed consolidated interim financial statements. The Group has not applied any new IFRSs or amendments that are not yet effective for the current accounting period.		

2.

	2017	2016
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Notes to the Condensed Consolidated Interim Financial Statements

3. Revenue and Segment Information

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

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

(a) Luminaire products segment:

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

(b) Lamp products segment:

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

(c) Lighting electronic products segment:

Lighting electronic products represent electronic transformers, electronic and inductive ballasts for fluorescent, LED and HID lamps, and HID ballast boxes.

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Notes to the Condensed Consolidated Interim Financial Statements

3. Revenue and Segment Information 3. (continued)

		Revenue		Results	
		Six months ended 30 June		Six months ended 30 June	
		6 30 6	6 30 6	6 30 6	6 30 6
		2017 2017 RMB'000	2016 2016 RMB'000	2017 2017 RMB'000	2016 2016 RMB'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		—	—	—	—
Luminaire products	人民币	1,262,710	1,210,405	444,899	361,141
Lamp products	人民币	501,662	443,105	67,248	74,365
Lighting electronic products	人民币	145,291	109,239	42,126	23,900
Total	¥	1,909,663	1,762,749	554,273	459,406
Reconciliation					
Elimination of intersegment results	人民币			(2,126)	(3,360)
Interest income	人民币			13,467	12,783
Unallocated income and gains	人民币			14,480	19,754
Corporate and other unallocated expenses [#]	人民币			(365,547)	(308,709)
Gain on disposal of a subsidiary	人民币			—	7,419
Finance costs	人民币			(21,279)	(4,957)
Waiver of other payable	人民币			17,358	—
Fair value gain/(loss) on derivative component of convertible bonds	人民币			24,574	(837)
Impairment of other intangible assets	人民币			(17,358)	—
Impairment of property, plant and equipment	人民币			—	(38,774)
Share of results of associates	人民币			6,428	545
Profit before income tax	人民币			224,270	143,270

[#] Corporate and other unallocated expenses consist of unallocated depreciation, amortisation and staff costs, freight expenses and impairment of trade receivables, prepayments and other receivables.

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Notes to the Condensed Consolidated Interim Financial Statements

4. Profit Before Income Tax

This is arrived at after charging/(crediting):

4.

		Six months ended 30 June	
		6 30 6	6 30 6
		2017	2016
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
		—	—
Cost of inventories sold	§D	1,360,273	1,316,275
Depreciation	±	48,698	47,485
Amortisation of prepaid land lease payments	kú@-Á	660	660
Amortisation of computer software, customer relationships and patents*	e@@ YÁ*	672	1,178
Research and development costs:	¶		
Deferred expenditure amortised*	ÁYD	1,334	1,416
Current period expenditure	l@	27,449	25,944
Less: Government grants released**	¶@*	(12)	(173)
		27,437	25,771
		28,771	27,187
Minimum lease payments	ða#ù	9,261	7,629
Auditor's remuneration	þZG	1,534	1,080
Employee benefit expenses (including directors' and chief executive's remuneration):	þE;D @@ AþZ•		
Wages and salaries	qZ	238,270	218,020
Equity-settled share option expense	ÆQ@	—	239
Pension scheme contributions (defined contribution scheme)	*Æ @Æ	26,081	25,734
Housing funds' contributions	@6>	5,632	6,142
Other welfare expenses	l@D	6,982	7,076
		276,965	257,211

Notes to the Condensed Consolidated Interim Financial Statements

4. Profit Before Income Tax (continued)

This is arrived at after charging/(crediting): (continued)

4.

Six months ended 30 June	
6 30 6	
2017	2016
2017	2016
RMB'000	RMB'000
(Unaudited)	(Unaudited)
—	—
—	—
—	—

Impairment of property, plant and equipment	J8e@	—	38,774
Impairment of other intangible assets (Reversal of impairment)/impairment of trade receivables	lU* = qD	17,358	—
Write-off of prepayments and other receivables	6k*	(53)	15,212
Reversal of write-down of inventories to net realisable value	kU	—	9,413
Loss/(gain) on disposal of items of property, plant and equipment	aG =	(2,757)	(9,572)
Fair value (gain)/loss of derivative component of convertible bonds (Note 17)	Ä8e@ Y&G@. lpA A. 6x0 4V17.	723	(2,598)
		(24,574)	837

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

* l,ee @Y; A qdV] 6 BVEW #1M

** Various government grants have been received for setting up research activities in Chongqing City, Guangdong and Zhejiang Province, the People's Republic of China (the "PRC"), to support the development of energy-saving products and LED products. The government grants released have been deducted from the research and development costs to which they relate. Government grants received for which related expenditure has not yet been undertaken are included in government grants in the condensed consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

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Notes to the Condensed Consolidated Interim Financial Statements

5. Other Income and Gains

5.

		Six months ended 30 June	
		6 30 6	
		2017	2016
		2017	2016
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
		—	—
Other income			
Bank and other interest income	011	13,467	12,783
Government grants	A0	4,391	7,136
Rental income	a-3	1,758	997
Trademark licence fees	z4	—	250
Handling income	04	5,011	—
Others	l6	1,973	2,497
		<u>26,600</u>	<u>23,663</u>
Gains			
Exchange gains, net	0BX	—	5,932
Gain on disposal of items of property, plant and equipment	38e0	—	2,598
Sales of scrap materials	V/;0	1,347	344
Fair value gain of derivative component of convertible bonds	lpA H.A.	24,574	—
Gain arising from waiver of other payable	510*[YB	17,358	—
		<u>43,279</u>	<u>8,874</u>
		<u>69,879</u>	<u>32,537</u>

Notes to the Condensed Consolidated Interim Financial Statements

6. Finance Costs

		Six months ended 30 June	
		6 30 6	
		2017	2016
		2017	2016
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
		—	—
Interest on bank loans	0.1	631	363
Interest expenses on convertible bonds (Note 17)	10.1	20,513	2,476
Other interest expenses	10.1	135	2,118
		21,279	4,957

Notes to the Condensed Consolidated Interim Financial Statements

7. Income Tax (continued)

		Six months ended 30 June	
		6 30 6	6 30 6
		2017	2016
		2017	2016
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
		—	—
Current income tax	C0		
– Current income tax charge for the period	INC0	59,843	46,603
– (Over)/under provision in respect of prior years	INC0 aê	(74)	819
		59,769	47,422
Deferred tax	E	5,448	(2,410)
Total tax charge for the period	10	65,217	45,012

The Company's subsidiaries located in the PRC are subject to enterprise income tax at the statutory tax rate of 25%. According to the preferential tax policies in the PRC, two of our subsidiaries (six months ended 30 June 2016: two) were recognised as western development enterprises by the local tax authorities and were entitled to the preferential tax rate of 15%, while one of our subsidiaries (six months ended 30 June 2016: three) was recognised as high-tech enterprises by PRC tax authorities and was entitled to the preferential tax rate of 15%.

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Notes to the Condensed Consolidated Interim Financial Statements

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

The calculation of basic and diluted earnings per share attributable to ordinary equity holders of the Company is based on the following data:

		Six months ended 30 June	
		6 30 6	6 30 6
		2017	2016
		2017	2016
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
		—	—
Earnings			
Earnings for the purpose of basic earnings per share	018B Y®	148,157	82,140
Effect of dilutive potential ordinary shares:	wpYAJ		
– Interest on convertible bonds	1pA1	20,513	–
– Fair value gain of derivative component of convertible bonds	1pAH A®	(24,574)	–
Earnings for the purpose of diluted earnings per share	018BY ®	144,096	82,140

Notes to the Condensed Consolidated Interim Financial Statements

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

		—	~
		'000 Shares	'000 Shares
		(Unaudited)	(Unaudited)
		—	—
			(Re-presented)
			€
<u>Number of shares</u>			
Weighted average number of ordinary shares for the purpose of basic earnings per share	016 Ywp#	3,270,993	3,176,410
Effect of dilutive potential ordinary shares:	wpYA		
– Convertible bonds	npA	540,541	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	016 wp#	3,811,534	3,176,410

Notes to the Condensed Consolidated Interim Financial Statements

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

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those share options is higher than the average market price of shares for the six months ended 30 June 2016 and 2017.

No adjustment was made to the basic earnings per share amount presented for the six months ended 30 June 2016 as the convertible bonds outstanding during the period had an anti-dilutive effect on the basic earnings per share amount presented.

Basic and diluted earnings per share for the six months ended 30 June 2016 are re-presented to reflect the bonus elements of issue of new ordinary shares during the period between 1 July 2016 and 30 June 2017.

In June 2017, the Company issued 368,357,000 new ordinary shares at HK\$0.80 each (equivalent to RMB0.78 each) (six months ended 30 June 2016: Nil).

9. Dividend

The directors do not recommend the payment of any dividend for the six months ended 30 June 2016 and 2017.

8.

	2017	2016
Basic earnings per share	0.00	0.00
Diluted earnings per share	0.00	0.00
Weighted average number of ordinary shares outstanding	368,357,000	368,357,000
Weighted average number of ordinary shares outstanding for diluted earnings per share	368,357,000	368,357,000

9.

	2017	2016
Dividend	0.00	0.00

Notes to the Condensed Consolidated Interim Financial Statements

10. Property, Plant and Equipment

During the six months ended 30 June 2017, the Group acquired assets with a cost of RMB42,237,000 (six months ended 30 June 2016: RMB48,432,000). Assets with a net book value of RMB6,412,000 were disposed of by the Group during the six months ended 30 June 2017 (six months ended 30 June 2016: RMB232,000).

As at 30 June 2017, land use rights with aggregate carrying amount of RMB47,654,000 (31 December 2016: RMB48,314,000) (Note 11) and certain buildings with aggregate carrying amounts of RMB234,574,000 (31 December 2016: RMB242,510,000); and buildings with carrying amounts of RMB44,312,000 (31 December 2016: RMB43,108,000) were pledged for the Group's applications of assets preservation in certain PRC legal proceedings and bank loan facilities respectively.

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Notes to the Condensed Consolidated Interim Financial Statements

11. Prepaid Land Lease Payments

1.

		30 June 2017 2017 6 30 RMB'000 (Unaudited) — -	31 December 2016 2016 12 31 RMB'000 (Audited) — -
Carrying amounts as at beginning of period/year	ÀÉ*&=	48,314	49,633
Recognised during the period/year	ÀÉ	(660)	(1,319)
Carrying amount as at end of period/year	KJÉY*&=	47,654	48,314
Current portion included in prepayments, deposits and other receivables	kÉÇj IDY tÁ.	(875)	(875)
Non-current portion	ÇÁ.	46,779	47,439

Notes to the Condensed Consolidated Interim Financial Statements

12. Long Term Investments

	30 June 2017	31 December 2016
	6 30	12Ü 31Ü
	RMB'000	RMB'000
	(Unaudited)	(Audited)
	—	—

Available-for-sale financial assets: 6/-D*j
 Listed equity investments, j9p1d
 at fair value

at fair value

at fair value

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Notes to the Condensed Consolidated Interim Financial Statements

13. Inventories

13.

		30 June 2017 2017 6 30 RMB'000 (Unaudited) — -	31 December 2016 2016 12 31 RMB'000 (Audited) — -
Raw materials	aØ	86,382	87,480
Work in progress	j	16,270	16,736
Finished goods	*Ö	355,358	297,452
		<u>458,010</u>	<u>401,668</u>

During the Period under Review, the amount of the reversal of write-down of inventories recognised was RMB2,757,000 (six months ended 30 June 2016: RMB9,572,000), which was recorded in "Cost of sales" in the condensed consolidated statement of profit or loss.

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Notes to the Condensed Consolidated Interim Financial Statements

14. Trade and Bills Receivables, Prepayments, Deposits, and Other Receivables, and Restricted Bank Balances and Short-term Deposits		14.	
		V	V
		30 June 2017	31 December 2016
		6 30	12Ü 31Ü
		RMB'000	RMB'000
		(Unaudited)	(Audited)
		—	—
Trade receivables	q	1,143,819	1,132,043
Impairment	=	(153,043)	(157,876)
Trade receivables, net	q	990,776	974,167
Bills receivable	C	190,454	243,836
		1,181,230	1,218,003

Notes to the Condensed Consolidated Interim Financial Statements

14. Trade and Bills Receivables, Prepayments, Deposits, and Other Receivables, and Restricted Bank Balances and Short-term Deposits (continued)

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

		30 June 2017	31 December 2016
		2017	2016
		6 30	12 31
		RMB'000	RMB'000
		(Unaudited)	(Audited)
		—	—
Within 3 months	3HÜ	733,559	713,343
4 to 6 months	4 6HÜ	148,047	184,072
7 to 12 months	7 12HÜ	41,732	12,303
1 to 2 years	1 2 E	39,364	42,370
Over 2 years	2 2	28,074	22,079
		<u>990,776</u>	<u>974,167</u>

Notes to the Condensed Consolidated Interim Financial Statements

14. Trade and Bills Receivables, Prepayments, Deposits, and Other Receivables, and Restricted Bank Balances and Short-term Deposits (continued)

Trade receivables of the Group represented proceeds receivable from sale of goods. The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit periods generally range from 30 to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balance. Overdue interests of several trade receivables are calculated at 12%.

As at 30 June 2017, included in the Group's trade receivables are amounts due from related parties of RMB81,038,000 (31 December 2016: RMB68,417,000) which are repayable on similar credit terms to those offered to the major customers of the Group.

As at 30 June 2017, certain trade receivables of NVC Lighting Limited ("UKNVC") with carrying amounts of RMB55,014,000 (31 December 2016: RMB47,347,000) were pledged to secure the bank borrowings of UKNVC as further set out in Note 16.

	2017	2016
Trade receivables	81,038,000	68,417,000
Prepayments	-	-
Deposits	-	-
Other receivables	-	-
Restricted bank balances	-	-
Short-term deposits	-	-
Total	81,038,000	68,417,000
Of which: related parties	81,038,000	68,417,000
Of which: NVC Lighting Limited	55,014,000	47,347,000
Overdue	-	-
Overdue interests	9,724,560	-
Total	90,762,560	68,417,000

Notes to the Condensed Consolidated Interim Financial Statements

14. Trade and Bills Receivables, Prepayments, Deposits, and Other Receivables, and Restricted Bank Balances and Short-term Deposits (continued)

The maturity of the bills receivable of the Group as at 31 December 2016 and 30 June 2017 is within 6 months. As at 30 June 2017, included in the Group's and bills receivables are amounts due from related parties of RMB110,000 (31 December 2016: RMBNil).

As at 31 December 2016 and 30 June 2017, the fair values of trade and bills receivables approximate to their carrying amounts largely due to the short-term maturities.

As at 30 June 2017, included in prepayments, deposits and other receivables are the amounts due from a company of RMB550,924,000 (31 December 2016: RMB550,924,000), net of impairment of RMB285,360,000 as at 31 December 2016 and 30 June 2017, further details of which are set out in Note 18(A)(a).

As at 30 June 2017, included in prepayments, deposits and other receivables is an amount of RMB55,396,000 which represented an amount withdrawn by the court during the Period under Review, and the same amount was included in restricted bank balances and short-term deposits as at 31 December 2016, further details of which are set out in Note 18(A)(b)(ii).

	2016	2017
	December 31	June 30
	RMB	RMB
Trade and bills receivables	110,000	110,000
Prepayments, deposits and other receivables	550,924,000	550,924,000
Impairment	(285,360,000)	(285,360,000)
Restricted bank balances and short-term deposits	55,396,000	55,396,000
Total	430,960,000	430,960,000

Notes to the Condensed Consolidated Interim Financial Statements

15. Trade and Bills Payables

15.

		30 June 2017 2017 6 30 RMB'000 (Unaudited) —	31 December 2016 2016 12Ü 31Ü RMB'000 (Audited) —
Trade and bills payables to third parties	q@B KÜ	717,067	688,851
Trade and bills payables to related parties	q@B Ü	39,207	61,185
		<u>756,274</u>	<u>750,036</u>

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

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		30 June 2017 2017 6 30 RMB'000 (Unaudited) —	31 December 2016 2016 12Ü 31Ü RMB'000 (Audited) —
Within 3 months	3HÜ	721,282	716,962
4 to 6 months	4 6HÜ	20,818	16,056
7 to 12 months	7 12HÜ	9,212	1,125
1 to 2 years	1E E	597	8,641
Over 2 years	2B	4,365	7,252
		<u>756,274</u>	<u>750,036</u>

As at 31 December 2016 and 30 June 2017, the fair values of trade and bills payables approximate to their carrying amounts largely due to the short-term maturities.

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Notes to the Condensed Consolidated Interim Financial Statements

16. Interest-Bearing Loans

16.

		30 June 2016			31 December 2016		
		(Unaudited)			(Audited)		
		Contractual interest rate (%)	Maturity	RMB'000	Contractual interest rate (%)	Maturity	RMB'000
		%			(%)		w/D/E
Current							
Bank loan – secured	0.1	Base*+1.90%+1.90	On demand ¹	55,014	Base*+1.90%+1.90	On demand ¹	47,347
Bank loans – unsecured	0.1	4% per month	On demand	812	4% per month	On demand	1,064
		4.35% per annum	2018	10,000	-	-	-
		4.35%	20				
Total	¥			65,826			48,411

1 The secured bank loan represented a GBP-dominated secured facility amounting to GBP8,000,000 (31 December 2016: GBP8,000,000), of which GBP6,241,000 (31 December 2016: GBP5,564,000) had been utilised as at the end of the Period under Review. The bank loan was secured by the pledge over certain trade receivables amounting to RMB55,014,000 (31 December 2016: RMB47,347,000) and certain buildings with carrying amounts of approximately RMB44,312,000 (31 December 2016: RMB43,108,000). In accordance with the contract, the loan was repayable upon the collection of the factored trade receivables and carried a floating interest rate based on the Base plus 1.90%.

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* "Base" refers to the Bank of England base rate.

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Notes to the Condensed Consolidated Interim Financial Statements

16. Interest-Bearing Loans (continued)

As at 31 December 2016 and 30 June 2017, the fair values of interest-bearing loans approximate to their carrying amounts largely due to the short-term maturities.

16.

	2016	2017
As at 31 December	—	—
As at 30 June	—	—

17. Convertible Bonds

On 20 May 2016, the Company and an independent third party entered into a subscription agreement (the "Subscription Agreement") in relation to the issue of convertible bonds denominated in Hong Kong dollar ("HKD") in an aggregate principal amount of HKD500 million (the "Convertible Bonds"). The Convertible Bonds have been issued on 7 June 2016.

17.

	2016	2017
As at 31 December	—	—
As at 30 June	—	—

Pursuant to the Subscription Agreement, the Convertible Bonds are convertible into fully paid ordinary shares:

As at 31 December 2016

(a) on or after the issue date (i.e. 7 June 2016) and up to and excluding the close of business on the second anniversary of the issue date (the "First Maturity Date", in June 2018) at an initial conversion price of HKD0.925 per share (subject to anti-dilutive adjustments); and

(a)	2016	2017
	—	—
	—	—
	—	—
	—	—
	—	—

(b) with extension up to and excluding the close of business on the fourth anniversary of the issue date if agreed by the Company and the bondholder in writing at least 30 days prior to the First Maturity Date (the "Second Maturity Date").

(b)	2016	2017
	—	—
	—	—
	—	—
	—	—
	—	—

Notes to the Condensed Consolidated Interim Financial Statements

18. Litigations and Contingent Liabilities (continued)

(A) Litigations (continued)

(b) The Group as a defendant

(i) The Subsidiary also entered into guarantee agreements with another PRC bank in 2013 (the "Guarantee Agreement 1") and a PRC finance company in 2014 (the "Guarantee Agreement 2") respectively, providing guarantees to the PRC bank and the PRC finance company for their loan facilities granted to their borrowers. Mrs. WU Lian is the borrower of the loan in relation to the Guarantee Agreement 2.

The outstanding loans of RMB35,497,000 and RMB34,000,000 in relation to the Guarantee Agreements 1 and 2 were in default in 2015 and 2014 respectively. The PRC bank and the PRC finance company have taken legal actions against the respective borrowers and the guarantors (including the Subsidiary and Wu Ji as guarantors) to recover the loan balances and interests.

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Notes to the Condensed Consolidated Interim Financial Statements

18. Litigations and Contingent Liabilities (continued)

(A) Litigations (continued)

(b) The Group as a defendant (continued)

(i) (continued)

For the Guarantee Agreement 1, according to the first court judgement in 2016 and the final court judgement in May 2017, the Subsidiary is adjudicated to be jointly liable for the payment to the PRC bank of the outstanding loan, plus interest and costs, and the Group has no plan of filing further legal proceeding therefor. For the Guarantee Agreement 2, according to the first court judgement in 2016, the Subsidiary is adjudicated to be jointly liable for the payment to the PRC finance company of the outstanding loan, plus interest and costs. The Subsidiary has filed appeal against the first court judgement in relation to the Guarantee Agreement 2 and the related outcome of the appeal according to the official legal documents received by the Subsidiary is pending as of the date of approval of these condensed consolidated interim financial statements.

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Notes to the Condensed Consolidated Interim Financial Statements

18. Litigations and Contingent Liabilities (continued)

(A) Litigations (continued)

(b) The Group as a defendant (continued)

(i) (continued)

The directors, with reference to legal opinions obtained and other factors, consider that the likelihood of the Group sustaining losses from the Guarantee Agreements 1 and 2 is remote. In particular, it is considered that the loans had sufficient underlying securities including Wu Ji's guarantees and the Subsidiary is only one of the guarantors for each of the loans and it is considered not probable that an outflow of resources embodying economic benefits will be required to

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Notes to the Condensed Consolidated Interim Financial Statements

18. Litigations and Contingent Liabilities (continued)

(A) Litigations (continued)

(b) The Group as a defendant (continued)

(ii) (continued)

According to the first court judgement in 2016 and the final court judgement in January 2017, the Subsidiary is adjudicated to be jointly liable for the payment to the PRC bank of RMB60,000,000, plus interest and costs. In February 2017, the frozen bank balance of the Group has been withdrawn by the court for the purpose of settlement of the claim by the PRC bank. The Subsidiary has filed application of retrial of the PRC court judgements in relation to the Guarantee Agreement 3 and the related outcome of the application according to the official legal documents received by the Subsidiary is pending as of the date of approval of these condensed consolidated interim financial statements and accordingly the Group is of the view that the legal proceedings are still in progress notwithstanding the final court judgement. As at 30 June 2017, the withdrawn amount of RMB55,396,000 was included in "Prepayments, deposits and other receivables" in the condensed consolidated statement of financial position.

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Notes to the Condensed Consolidated Interim Financial Statements

18. Litigations and Contingent Liabilities 18.

(A) Litigations (continued)

(b) The Group as a defendant (continued)

(ii) (continued)

The directors, with reference to legal opinion obtained and other factors, consider that the likelihood of the Group sustaining losses from the guarantee is remote. In particular, it is considered that the bank loan had sufficient underlying securities including a piece of land pledged by Wu Ji and the Subsidiary is only one of the guarantors for the bank loan. The directors believe that the withdrawn bank balance will be fully recovered upon the conclusion of the retrial of the PRC court judgements and no provision on the frozen and subsequently withdrawn amount is considered necessary as at 31 December 2016 and 30 June 2017 respectively. In addition, the directors are of the opinion that no provision on any shortfall between the amount to be ultimately settled by the Group under the Guarantee Agreement 3 and the Subsidiary's frozen and subsequently withdrawn amount is considered necessary as at 31 December 2016 and 30 June 2017 respectively. Details of the contingent liabilities are set out in Note 18(B).

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Notes to the Condensed Consolidated Interim Financial Statements

18. Litigations and Contingent Liabilities (continued)

(B) Contingent liabilities

(a) As at 30 June 2017, contingent liabilities not provided for in the condensed consolidated interim financial statements were as follows:

(B)

(a) 2017年6月30日
未提供
的或有
负债

30 June 2017	31 December 2016
630	12031
RMB'000	RMB'000

(Unaudited)

(Audited)

Notes to the Condensed Consolidated Interim Financial Statements

18. Litigations and Contingent Liabilities (continued)

(B) Contingent liabilities (continued)

(b) During the Period under Review, the Group acted as defendant in lawsuits brought by two PRC banks and a PRC finance company alleging that the Group should assume guarantee liabilities and interests according to guarantee agreements. The directors consider that the likelihood of the Group sustaining losses from the guarantees is remote, and accordingly no provision for claims arising from the litigations is considered necessary as at 31 December 2016 and 30 June 2017, save for the related legal and other costs. Based on the respective court judgements, interests are imposed on the principal amounts as disclosed in (a) above, which are calculated on (i) principal amount of approximately RMB62,000,000 at 9.9% per annum plus compound interest at 9.9% per annum on unpaid interest since 21 October 2014; (ii) principal amount of approximately RMB34,000,000 at four times of six-month borrowing rate of the People's Bank of China since 8 October 2015; and (iii) principal amount of approximately RMB35,497,000 at 0.05% per day since 4 January 2015.

(B)

(b) 2016年12月31日及2017年6月30日，本公司作為被告，涉及兩宗由中國銀行及一家中國金融公司提起的訴訟，指責本公司應根據擔保協議承擔擔保責任及利息。董事認為，本公司承擔損失的可能性是遙遠的，因此，除相關法律及其他費用外，於2016年12月31日及2017年6月30日，本公司並未就該等訴訟撥備。根據法院判決，本公司應就上述擔保金額支付利息，該等利息按以下(a)項披露的金額計算：(i) 本金金額為人民幣62,000,000元，按9.9%的年利率加上按9.9%的年利率計算的未付利息的複利，自2014年10月21日起；(ii) 本金金額為人民幣34,000,000元，按中國人民銀行六個月定期存款利率的四倍，自2015年10月8日起；(iii) 本金金額為人民幣35,497,000元，按2015年1月4日起每日0.05%計算。

Notes to the Condensed Consolidated Interim Financial Statements

19. Pledge of Assets

As at 30 June 2017, save for those disclosed elsewhere in these condensed consolidated interim financial statements, the following assets of the Group were pledged, as applicable:

		30 June 2017 6 30 RMB'000 (Unaudited)	31 December 2016 12 31 RMB'000 (Audited)
Property, plant and equipment	J8e@	278,886	285,618
Prepaid land lease payments	k7@-	47,654	48,314
Trade and bills receivables	q@#	55,014	47,347
Pledged time deposits	#	47,589	61,034
		<u>429,143</u>	<u>442,313</u>

20. Related Party Transactions

- (a) None of the shareholders is the controlling entity of the Company.
- (b) In addition to the information disclosed elsewhere in these condensed consolidated interim financial statements, major related parties with which the Group had transactions during the six months ended 30 June 2017 and six months ended 30 June 2016 are listed below:

An entity with significant influence over the Group

Elec-Tech International Co., Ltd. ("Elec-Tech")

2 3~

Notes to the Condensed Consolidated Interim Financial Statements

20. Related Party Transactions (continued)

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(b) (continued)

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An entity controlled by Mr. WANG Dongming, a director of the Company

NVC Lighting & Electrical Technology Singapore Pte. Ltd.

NVC Lighting & Electrical Technology Singapore Pte. Ltd.

1 On 30 December 2016, the entity ceased to be a related party of the Group as it ceased to be a subsidiary of Elec-Tech.

1 2016年12月30日，本公司停止与NVC Lighting & Electrical Technology Singapore Pte. Ltd. 的关联关系。

2 On 9 January 2017, the entity ceased to be a related party of the Group as it has become a subsidiary of the Group.

2 2017年1月9日，NVC Lighting & Electrical Technology Singapore Pte. Ltd. 成为本集团的子公司。

3 On 9 August 2016, the entity ceased to be a related party of the Group as it ceased to be a subsidiary of the associate.

3 2016年8月9日，NVC Lighting & Electrical Technology Singapore Pte. Ltd. 停止成为本集团的关联公司。

(c) In addition to the transactions detailed elsewhere in the condensed consolidated interim financial statements, the Group had the following transactions with related parties during the six months ended 30 June 2017:

(c)

2017年6月30日
2016年6月30日

Six months ended 30 June
2017 2016
RMB'000 RMB'000

Notes (Unaudited) (Unaudited)
/ - -

Elec-Tech:

Purchases of shares	op...	{	47,373	-
Purchases of finished goods	o*Ö	(i)	2,995	569

Notes to the Condensed Consolidated Interim Financial Statements

20. Related Party Transactions (continued)

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(c) (continued)

(c) £

		Six months ended 30 June		
		6 30 6	6 30 6	
		2017	2016	
		2017	2016	
		RMB'000	RMB'000	
		Notes		
		W		
		(Unaudited)	(Unaudited)	
		—	—	
Subsidiaries of Elec-Tech:				
Sales of finished goods	V/*0	(i)	1,278	568
Trademark licence fee income	z0k	(ii)	-	244
Purchases of raw materials and finished goods	oa00	(i)	63,674	39,443
Rental fee income	a-3k	(i)	-	121
Rental expense	a-1\	(i)	56	-
Purchases of property, plant and equipment	oJ8e0	(i)	-	45
Associates of the Group:				
Purchases of property, plant and equipment	oJ8e0	(i)	-	3,735
Rental fee income	a-3k	(i)	571	591
Sales of finished goods	V/*0	(i)	27,344	105,647
Purchases of raw materials	oa00	(i)	43,168	-
Handling income	0k	(i)	5,011	-
Entities controlled by Mr. WU Jiannong, a director and substantial shareholder of Zhejiang NVC:				
Purchases of raw materials and finished goods	oa00	(i)	4,281	3,850
Purchases of property, plant and equipment	oJ8e0	(i)	188	-

Notes to the Condensed Consolidated Interim Financial Statements

20. Related Party Transactions (continued)

(c) (continued)

		Six months ended 30 June	
		6 30 6	6 30 6
		2017	2016
		2017	2016
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
		—	—
Entities over which the Group indirectly has significant influence through an associate:			
Purchases of raw materials and finished goods	0a20	(i) —	5,096
An entity controlled by Mr. WANG Dongming, a director of the Company:			
Consultancy fee	TI	(i) 2,074	—

Notes:

- (i) The transactions were made at prices mutually agreed by both parties.
- (ii) Trademark licence fee income arose from licensing the "NVC" brand to related parties, and was charged at 1% to 3% of the related parties' annual sales. The royalty rate was mutually agreed by both parties.

In the opinion of the board of directors, the related party transactions were conducted on normal commercial terms

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Notes to the Condensed Consolidated Interim Financial Statements

20. Related Party Transactions (continued)

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(d) Outstanding balances with related parties:

Except as disclosed elsewhere in the condensed consolidated interim financial statements, as at 30 June 2017, included in prepayments, deposits and other receivables and other payables and accruals of the Group are the aggregate balance of RMB2,525,000 (31 December 2016: RMB10,387,000) and RMB725,000 (31 December 2016: RMB20,465,000) due with related parties.

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

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Six months ended 30 June

6 30 6

2017	2016
2017	2016E
RMB'000	RMB'000
(Unaudited)	(Unaudited)
—	—

Short-term employee benefits

ØE;

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9,861

Notes to the Condensed Consolidated Interim Financial Statements

21. Financial Instruments by Category

21.

Set out below is an overview of financial instruments held by the Group as at 30 June 2017 and 31 December 2016:

2017年6月30日 2016年12月31日
 人民币千元

		30 June 2017	31 December 2016
		2017年6月30日	2016年12月31日
		RMB'000	RMB'000
		(Unaudited)	(Audited)
		—	—
Financial assets:	{		
Loans and receivables at amortised cost:	21072		
Trade and bills receivables	402	1,181,230	1,218,003
Financial assets included in prepayments, deposits and other receivables	107-D*	356,994	315,984
Restricted bank balances and short-term deposits	200	220,429	445,424
Cash and cash equivalents	2-2-J	1,124,142	1,160,155
		<u>2,882,795</u>	<u>3,139,566</u>
Available-for-sale financial assets at fair value	206/-D*		
Long term investments	3-	275,705	23,000
		<u>275,705</u>	<u>23,000</u>

Notes to the Condensed Consolidated Interim Financial Statements

21. Financial Instruments by Category (continued)

		30 June 2017 2017 6 30 RMB'000 (Unaudited) —	31 December 2016 2016 12Ü 31Ü RMB'000 (Audited) —
Financial liabilities:	{		
Financial liabilities at fair value through profit or loss:	BY		
Convertible Bonds	-DÄ		
- derivative component	lpÄ	34,554	60,230
Contingent consideration payable	HÄ.	-	41,825
		<u>34,554</u>	<u>102,055</u>
Financial liabilities at amortised cost:	ÄY		
Trade and bills payables	-DÄ	756,274	750,036
Financial liabilities included in other payables and accruals	q@Ä	613,373	506,215
Interest-bearing loans	v Ä	65,826	48,411
Convertible Bonds	Ä-DÄ		
- liability component	f>		
	lpÄ		

Notes to the Condensed Consolidated Interim Financial Statements

22. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Financial assets:				
Long term investments	275,705	23,000	275,705	23,000
Financial liabilities:				
Convertible Bonds	34,554	63,230	34,554	63,230
- derivative component	-	41,825	-	41,825
Contingent consideration payable	-	-	-	-

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances and short-term deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, interest-bearing loans and liability component of the Convertible Bonds approximate to their carrying amounts largely due to the short term maturities of these instruments.

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Notes to the Condensed Consolidated Interim Financial Statements

22. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets and liabilities measured at fair value

As at 30 June 2017 (Unaudited)

Fair value measurement using

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial asset:				
Long term investments				
- Listed equity investments	70,473	-	-	70,473
- Unlisted equity investments	-	-	2,000	2,000
- Unlisted investment fund	-	203,232	-	203,232
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
- Convertible Bonds - derivative component	-	-	34,554	34,554






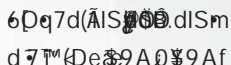





Notes to the Condensed Consolidated Interim Financial Statements

22. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

As at 31 December 2016 (Audited)

	Fair value measurement using	
	IFRS	
Quoted prices in active	Significant	Significant
	observable inputs	unobservable inputs
	Level 1	Level 2 / Level 3

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

<p>“Board” ™</p>	<p>the board of Directors of the Company. </p>
<p>“BRL” </p>	<p>Brazilian Real, the lawful currency of the Federative Republic of Brazil. </p>
<p>“China” or “PRC” ™</p>	<p>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. </p>
<p>“Code” </p>	<p>the Corporate Governance Code and the Corporate Governance Report as set out in the Appendix 14 to the Listing Rules. </p>
<p>“Company” or “our Company” ™</p>	<p>NVC Lighting Holding Limited () a company incorporated in the British Virgin Islands on 2 March 2006 and subsequently redomiciled to the Cayman Islands on 30 March 2010 as an exempted company with limited liability under the laws of the Cayman Islands. The shares of the Company are listed on the main board of the Stock Exchange. </p>

Definitions

"ETIC"	Elec-Tech International Co., Ltd.* (電科) a PRC incorporated company which is currently listed on the Shenzhen Stock Exchange. It is a substantial shareholder of the Company.
ETIC	電科國際有限公司
"En Wei Xi"	Chongqing En Wei Xi Industrial Development Co., Ltd.* (恩威錫) a limited liability company incorporated in the PRC and owned as to 40% by Mr. WU Xianming, Mr. WU Changjiang's father-in-law.
恩威錫	恩威錫工業發展有限公司 (40% 股)
"Group"	our Company and its subsidiaries.
集團	本公司及其附屬公司
"GBP"	Great Britain Sterling Pound, the lawful currency of the United Kingdom.
鎊	鎊, £
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong.
港幣	港幣, HK\$
"Hong Kong"	the Hong Kong Special Administrative Region of People Republic of China.
香港	香港特別行政區
"Huizhou NVC"	Huizhou NVC Lighting Technology Co., Ltd.* (惠州) a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 29 April 2006 and our direct wholly-owned subsidiary.
惠州	惠州新視光電有限公司 400900066 400900066
"HID"	High intensity discharge.
~ HID™	高強度放電
"LED"	Light-emitting diode.
~ LED™	發光二極管
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
上市規則	香港證券上市規則

Definitions

“Wu Ji”	Chongqing Wu Ji Real Estate Development Co., Ltd.* (重庆伍吉房地产开发有限公司) a limited liability company incorporated in the PRC which may potentially be associated with Mr. WU Changjiang.
WJ	重庆伍吉房地产开发有限公司
“Zhejiang NVC”	Zhejiang NVC Lamps Co., Ltd.* (浙江NVC灯饰有限公司) a limited liability company incorporated in the PRC on 28 September 2007, 51% equity interest of which is held by Huizhou NVC and the remaining 49% equity interest of which is held by Zhejiang Tonking New Energy Group Co., Ltd.* (浙江同庆新能源集团有限公司)
ZJ	浙江NVC灯饰有限公司
“Zhongshan NVC”	Zhongshan NVC Decorative Lighting Technology Co., Ltd.* (中山NVC装饰照明科技有限公司) a limited liability company incorporated in the PRC on 26 January 2015 and our indirect wholly-owned subsidiary.
ZS	中山NVC装饰照明科技有限公司

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

