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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2222)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

Highlights for the year ended 31 December 2014:

- The Group's revenue amounted to RMB3,471,014,000, representing a decrease of 8.0% as compared with the Corresponding Period.
- The Group's gross profit amounted to RMB741,576,000, representing a decrease of 7.0% as compared with the Corresponding Period.
- The Group's loss before tax amounted to RMB314,587,000, representing a decrease of 188.8% as compared with the profit before tax of the Corresponding Period.
- Loss attributable to owners of the parent amounted to RMB354,153,000, representing a decrease of 244.6% as compared with the profit attributable to owners of the parent of the Corresponding Period.
- Basic loss per share of the Company amounted to RMB11.32 cents.
- The Board of the Company has proposed not to declare final dividend (2013: HK$2 cents per share).

The board of directors (the "Board") of NVC Lighting Holding Limited (the "Company") announces the annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 (the "Reporting Period").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Years ended 31 December 2014 RMB'000	2013 RMB'000
SALES REVENUE	*2*	**3,471,014**	3,773,816
Cost of sales		**(2,729,438)**	(2,976,413)
GROSS PROFIT		**741,576**	797,403
Other income and gains	*3*	**64,449**	91,611
Selling and distribution costs		**(386,785)**	(270,855)
Administrative expenses		**(426,285)**	(258,783)
Other expenses		**(18,878)**	(2,618)
Impairment loss of other receivables due from a company	*4*	**(285,360)**	–
Finance costs	*5*	**(1,888)**	(2,701)
Share of (loss)/profit of associates		**(1,416)**	401
(LOSS)/PROFIT BEFORE TAX		**(314,587)**	354,458
Income tax expense	*6*	**(13,481)**	(72,351)
(LOSS)/PROFIT FOR THE YEAR		**(328,068)**	282,107
Attributable to:			
Owners of the parent		**(354,153)**	244,884
Non-controlling interests		**26,085**	37,223
		(328,068)	282,107
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	*7*	**RMB(11.32) cents**	RMB7.83 cents
Diluted	*7*	**RMB(11.32) cents**	RMB7.83 cents

Details of the dividends proposed for the year ended 31 December 2014 are disclosed in note 8 to the financial statements on page 13 of this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Years ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
(LOSS)/PROFIT FOR THE YEAR	**(328,068)**	282,107
OTHER COMPREHENSIVE LOSS		
Exchange differences on translation of foreign operations	**(848)**	(17,295)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(328,916)**	264,812
Attributable to:		
Owners of the parent	**(355,001)**	227,589
Non-controlling interests	**26,085**	37,223
	(328,916)	264,812

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
			(Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**802,244**	882,133
Prepaid land lease payments		**54,647**	56,108
Goodwill		**21,161**	21,161
Other intangible assets		**295,644**	301,751
Investments in associates		**28,867**	6,763
Trade receivables with maturity more than one year	*10*	**31,095**	–
Deferred tax assets		**63,491**	41,322
Prepayments for purchase of property, plant and equipment		**7,697**	3,078
Total non-current assets		**1,304,846**	1,312,316
CURRENT ASSETS			
Inventories	*9*	**689,333**	651,707
Trade and bills receivables	*10*	**1,218,824**	1,268,212
Prepayments, deposits and other receivables		**342,140**	81,176
Other current assets		**34,369**	16,919
Restricted bank balance and short-term deposits		**125,233**	502,622
Cash and cash equivalents		**796,694**	936,022
Total current assets		**3,206,593**	3,456,658
CURRENT LIABILITIES			
Trade payables	*11*	**598,055**	510,352
Other payables and accruals		**383,758**	319,754
Interest-bearing loans and borrowings	*12*	**40,948**	47,117
Government grants		**2,137**	1,909
Income tax payable		**18,828**	21,147
Total current liabilities		**1,043,726**	900,279
NET CURRENT ASSETS		**2,162,867**	2,556,379
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,467,713**	3,868,695

Continued...

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

		31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
			(Restated)
NON-CURRENT LIABILITIES			
Government grants		**15,152**	13,576
Deferred tax liabilities		**85,952**	94,494
Total non-current liabilities		**101,104**	108,070
Net assets		**3,366,609**	3,760,625
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**2**	2
Reserves		**3,247,460**	3,627,676
Proposed final dividend	*8*	**–**	49,192
		3,247,462	3,676,870
Non-controlling interests		**119,147**	83,755
Total equity		**3,366,609**	3,760,625

NOTES TO FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, except for certain financial instruments that have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand ('000) except when otherwise indicated.

1.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not in controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements:

Amendments to IFRS 10, IFRS 12 and IAS 27	*Investment Entities*
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC 21	*Levies*
Amendment to IFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Share-based payment: Definition of Vesting Condition*[1]
Amendment to IFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to IFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to IFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*First-time Adoption of International Financial Reporting Standards: meaning of effective IFRSs*

[1] Effective from 1 July 2014

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Except for the amendment to IFRS 1 which is only relevant to an entity's first IFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) These amendments provided a definition of an investment entity and an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. Consequential amendments were made to IFRS 12 and IAS 27 (2011). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

(b) These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

(c) These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group.

(d) IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payments occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of IFRIC 21 in prior years.

(e) The IFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The IFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 or IAS 39. The amendment has had no impact on the Group.

(g) The amendment to IFRS 13 clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

1.4 NEW AND REVISED IFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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

IFRS 9	*Financial Instruments*[4]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operation*[2]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[2]
Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopted IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015.

The Group is in the process of making an assessment of the impact of the above changes.

2. REVENUE AND SEGMENT INFORMATION

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

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

(a) Luminaire products segment:

Luminaire products represent a complete lighting unit that consists of a lighting fixture, a lamp (namely the light source such as a light bulb or tube) and a lighting 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, HID lamps, fluorescent lamps, halogen lamps and LED lamps; and

(c) Lighting electronic products segment:

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

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

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

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

Segment information represents the revenue and results from external customers, detailed as below.

	Revenue years ended 31 December		**Results years ended 31 December**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Luminaire products	**2,108,622**	2,122,477	**503,553**	446,582
Lamp products	**1,149,045**	1,379,551	**197,787**	263,354
Lighting electronic products	**213,347**	271,788	**43,726**	51,947
Total	**3,471,014**	3,773,816	**745,066**	761,883
Reconciliation				
Elimination of intersegment results			**(3,490)**	(9,370)
Interest income			**24,203**	28,407
Unallocated income and gains			**40,246**	63,204
Corporate and other unallocated expenses			**(1,117,308)**	(487,366)
Finance costs			**(1,888)**	(2,701)
Share of (loss)/profit of associates			**(1,416)**	401
(Loss)/profit before tax			**(314,587)**	354,458

During the Reporting Period, depreciation and amortisation recorded in the consolidated statement of profit or loss amounted to RMB125,059,000 (2013: RMB120,196,000).

3. OTHER INCOME AND GAINS

	Years ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Other income		
Government grants	**15,130**	38,444
Trademark licence fees	**14,337**	14,791
Bank interest income	**24,184**	28,115
Other interest income	**19**	292
Rental income	**1,934**	2,235
Others	**7,529**	7,276
	63,133	91,153
Gains		
Gain on sale of scrap materials	**1,316**	443
Exchange gain, net	**–**	15
	1,316	458
	64,449	91,611

4. IMPAIRMENT LOSS OF OTHER RECEIVABLES DUE FROM A COMPANY

Impairment loss of other receivables due from a company refers to impairment of other receivables due from Wu Ji. As indicated in eight letters of counter guarantee ("Letters of Counter Guarantee") issued by Wu Ji with dates in 2013 and 2014, Wu Ji provided certain counter guarantees to NVC China to reimburse its any losses arising from various pledge and guarantee agreements entered into by the former Chief Executive Officer of the Company, Mr. WU Changjiang, on behalf of NVC China. Hence, an aggregate amount of RMB550,924,000 has been recognised as other receivables due from Wu Ji as at 31 December 2014. Out of that amount a provision of RMB285,360,000 has been made and recorded as impairment loss of other receivables due from a company as at 31 December 2014. For further details of the pledge and guarantee agreements, see the "Management Discussion and Analysis" section.

5. FINANCE COSTS

	Years ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Interests on bank loans	**1,281**	2,461
Other interest expenses	**607**	240
	1,888	2,701

6. INCOME TAX

The Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which most of the companies within the Group are domiciled and operate. NVC Brasil is subject to enterprise income tax ("EIT") on its worldwide income with a basic rate of 15% and increased by a surtax of 10% on annual taxable profits exceeding BRL240,000 (approximately USD117,000) (2013: Nil). No provision for Hong Kong profits tax or United Kingdom ("UK") corporation has been made as the Group had no assessable profits arising in Hong Kong or UK during the Reporting Period (2013: Nil).

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

	2014	2013
Huizhou NVC	**25.0%**	25.0%
Chongqing NVC	**15.0%**	15.0%
Zhejiang NVC	**25.0%**	25.0%
Jiangshan Phoebus	**15.0%**	15.0%
Zhangpu Phoebus	**25.0%**	25.0%
Sunny	**15.0%**	15.0%
Shanghai Arcata	**15.0%**	15.0%
NVC China	**15.0%**	15.0%

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

	Years ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Current – Mainland China		
– Charge for the year	**46,547**	74,304
– Overprovision in prior years	**(2,355)**	(1,416)
Deferred	**(30,711)**	(537)
Total tax charge for the year	**13,481**	72,351

6. **INCOME TAX** *(Continued)*

A reconciliation of the tax expense applicable to loss or profit before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the statutory rate to the effective tax rate, is as follows:

	Years ended 31 December			
	2014		2013	
	RMB'000	*%*	*RMB'000*	*%*
(Loss)/profit before tax	**(314,587)**		354,458	
Tax at the statutory tax rate	**(78,525)**	**25.0**	88,615	25.0
Lower tax rates enacted by local authority	**39,623**	**(12.6)**	(21,452)	(6.1)
Income not subject to tax	**–**	**–**	(100)	–
Expenses not deductible for tax	**7,055**	**(2.2)**	3,722	1.1
Adjustments in respect to current income tax of previous periods	**(2,355)**	**0.7**	(1,416)	(0.4)
Tax losses not recognised	**7,951**	**(2.5)**	3,659	1.0
Tax losses utilised from previous periods	**–**	**–**	(4,803)	(1.4)
Effect on opening deferred tax of change in tax rates	**(11,662)**	**3.7**	4,126	1.2
Effect of deductible temporary differences which have not been recognised as deferred tax assets	**51,394**	**(16.3)**	–	–
Tax charge at the Group's effective rate	**13,481**	**(4.3)**	72,351	20.4

7. **(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of the basic loss or earnings per share amount is based on the loss or profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 3,128,448,000 (2013: 3,128,448,000) in issue during the year. The calculation of the diluted loss or earnings per share amount is based on the loss or profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss or earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of share options or conversion of all dilutive potential ordinary shares into ordinary shares. No adjustment has been made to the basic loss or earnings per share amounts presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss or earnings per share amounts presented.

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

	Years ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
(Loss)/earnings:		
(Loss)/profit attributable to ordinary equity holders of the parent	**(354,153)**	244,884

	Years ended 31 December	
	2014	2013
	'000	*'000*
	Number of shares	Number of shares
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic loss or earnings per share calculation	**3,128,448**	3,128,448

8. DIVIDENDS

	2014 *RMB'000*	2013 *RMB'000*
Interim – HK$1 cent (2013: HK$1 cent) per ordinary share	**24,860**	24,880
Proposed not to declare final dividend (2013: Proposed final dividend of HK$2 cents per ordinary share)	**–**	49,192
	24,860	74,072

9. INVENTORIES

The balance of inventories represents our balance of stock of raw materials, work in progress and finished goods as at the end of the Reporting Period. We monitor our inventories on a regular basis. The following table sets forth our inventories balance as at the end of the Reporting Period and the turnover of average inventories (in days) for the years indicated.

	31 December	
	2014 ***RMB'000***	2013 *RMB'000*
Raw materials	**120,506**	130,146
Work in progress	**16,955**	20,211
Finished goods	**551,872**	501,350
Total	**689,333**	651,707
Turnover of average inventories (in days) [1]	**89.7**	82.8

[1] Average inventories equal the inventories at the beginning of the year plus the inventories at the end of the year (after provision), divided by two. Turnover of average inventories (in days) equals the average inventories divided by the cost of sales and then multiplied by 365.

The write-down of inventories recognised by the Group as an expense for the Reporting Period amounted to RMB37,672,000 (2013: RMB26,981,000), which was recorded in "Cost of sales" in the consolidated statement of profit or loss.

10. TRADE AND BILLS RECEIVABLES

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

	31 December	
	2014 ***RMB'000***	2013 *RMB'000*
Trade receivables	**1,213,930**	1,159,667
Impairment	**(112,485)**	(18,847)
Trade receivables, net	**1,101,445**	1,140,820
Bills receivable	**148,474**	127,392
Less: Trade receivables with maturity more than one year [1]	**(31,095)**	–
Current portion	**1,218,824**	1,268,212
Turnover of average trade and bills receivables (in days) [2]	**139.3**	102.7

10. **TRADE AND BILLS RECEIVABLES** *(Continued)*

(1) The amount represented trade receivables due from a customer which was expected to be repaid beyond 12 months from 31 December 2014. In addition, an amount of RMB19,190,000 due from the same customer was recorded as current as at 31 December 2014. An amount of RMB5,287,000 was recognised in the consolidated statement of profit or loss due to the modification of terms of such trade receivables. The amount was not considered impaired as the directors were of the opinion that the amount would be collected in full upon its maturity of trade receivables. The Group does not hold any collateral or other credit enhancements over the trade receivable balances.

(2) Average trade and bills receivables equal the trade and bills receivables at the beginning of the year plus the trade and bills receivables at the end of the year (before provision), divided by two. Turnover of average trade and bills receivables (in days) equals the average trade and bills receivables divided by revenue and then multiplied by 365.

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

	31 December	
	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**498,348**	787,893
4 to 6 months	**354,420**	234,106
7 to 12 months	**198,959**	84,184
1 to 2 years	**45,144**	9,357
Over 2 years	**4,574**	25,280
	1,101,445	1,140,820

Trade receivables of the Group represented proceeds receivables from sale of goods. Our trading terms with our customers are mainly on credit, except for new customers where payment in advance is normally required. The credit periods generally range from 30 to 180 days for major customers. We seek to maintain strict control over our outstanding receivables and have a credit control management system to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that our trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

As at 31 December 2014, certain trade receivables of UK NVC with carrying amounts of RMB40,948,000 were pledged to secure the bank borrowing of UK NVC as further set out in note 12 to the financial statements.

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

	31 December	
	2014	2013
	RMB'000	*RMB'000*
Within 6 months	**148,474**	127,392

As at 31 December 2014, except for the trade receivables with maturity more than one year mentioned in note (1), the fair value of trade and bills receivables approximated to their carrying amounts largely due to the short-term maturity.

11. TRADE PAYABLES

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

	31 December	
	2014	2013
	RMB'000	*RMB'000*
Trade payables to third parties	**550,775**	501,965
Trade payables to related parties	**47,280**	8,387
Total	**598,055**	510,352
Turnover of average trade payables (in days) [(1)]	**74.1**	57.8

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

An aged analysis of the trade payables as at the end of the Reporting Period, based on the transaction date, is as follows:

	31 December	
	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**538,480**	498,434
4 to 6 months	**24,022**	5,783
7 to 12 months	**19,033**	1,596
1 to 2 years	**16,087**	4,034
Over 2 years	**433**	505
	598,055	510,352

As at 31 December 2014, the fair value of trade payables approximated to their carrying amounts largely due to the short-term maturity.

12. INTEREST-BEARING LOANS AND BORROWINGS

	31 December					
	2014			2013		
	Contractual Interest rate (%)	**Maturity**	***RMB'000***	*Contractual Interest rate (%)*	Maturity	*RMB'000*
Current						
Bank loan – secured [1]	**Base*+1.90**	**On demand**	**40,948**	–	–	–
Bank loans – unsecured	**–**	**–**	**–**	4.98	April 2014	30,000
Bank overdraft – unsecured	**–**	**–**	**–**	Base*+2.30	On demand	17,117
Total			**40,948**			47,117

[1] The secured bank loan represented a GBP-dominated secured facility amounting to GBP5,000,000 (2013: Nil), of which GBP4,291,000 (2013: Nil) had been utilised as at the end of the Reporting Period. The bank loan was secured by the pledge over certain trade receivables amounting to RMB40,948,000 and short-term deposits amounting to RMB54,100,000. In accordance with the contract, the loan was repayable upon the collection of the factored trade receivables and carried a floating interest rate based on the Base plus 1.90%.

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

As at 31 December 2014, the fair value of interest-bearing loans and borrowings approximated to their carrying amounts largely due to the short-term maturity.

13. LITIGATION

(a) The Group as a plaintiff

A subsidiary of the Company entered into several pledge and guarantee agreements in 2013 and 2014 (the "Pledge and Guarantee Agreements") with certain banks in China, providing guarantees to the banks for their lendings to certain borrowers. As at 31 December 2013, RMB160,000,000 of the Group's bank deposits were pledged to the banks under the Pledge and Guarantee Agreements. Additional time deposits of RMB415,500,000 were pledged to the banks under the Pledge and Guarantee Agreements entered into in 2014. Counter guarantees of the same amounts were provided by a borrower of the bank loans (the "Borrower") to the Group. In 2014, RMB24,576,000 of the pledged deposits were returned to the Group and RMB550,924,000 had been withdrawn by the banks due to default of the bank loans under the guarantees.

From December 2014 onwards, the Group has instituted a series of legal proceedings ("First Proceedings") against Mr. WU Changjiang, a former director and former chief executive officer of the Company, Mrs. WU Lian, Mr. WU Xianming, Mrs. Chen Min, Lei Li Jie, Wu Ji or the Borrower, Jiang Te and Chongqing Hua Biao Lighting Manufacturing Co., Ltd ("Hua Biao") (collectively the "Defendants of First Proceedings"), in the Intermediate People's Court of Huizhou (the "Huizhou Court") for damages. In addition, as indicated in 8 letters of counter guarantee issued by Wu Ji with dates in 2013 and 2014, Wu Ji provided counter guarantees to the Group to reimburse any losses for provision of guarantees on the bank loans borrowed by certain PRC companies. An aggregate amount of RMB550,924,000 was recognised as other receivables due from a company as at 31 December 2014. The directors are of the opinion that an amount of RMB265,564,000 is recoverable and a provision for the unrecoverable amount of RMB285,360,000 had been made and included in "Impairment loss of other receivables due from a company" in the consolidated statement of profit or loss of the Group for the year ended 31 December 2014.

For further details of the Pledge and Guarantee Agreements, see the "Management Discussion and Analysis" section.

13. LITIGATION *(Continued)*

(b) The Group as a defendant

In addition to the Pledge and Guarantee Agreements, a subsidiary of the Group entered into a guarantee agreement with a bank, providing guarantee to the bank on a bank loan granted by the bank to its borrower. In addition, the bank loan was secured by the pledge of a piece of land owned by Wu Ji.

The bank loan was in default in 2014 and the bank has taken legal actions against the borrower and the guarantors to recover the loan balance. A court order was issued to freeze deposits of RMB62,000,000 of the subsidiary. As a result of the court order, deposit of the subsidiary in the amount of RMB54,128,000 had been frozen by the bank as at 31 December 2014.

The RMB54,128,000 of bank balance being frozen was recorded in “Restricted bank balance and short-term deposits” on the consolidated statement of financial position of the Group as at 31 December 2014 and disclosed as a restricted bank balance. The directors consider that the likelihood of the Group sustaining losses from the guarantee is remote as the loan had sufficient underlying securities and the subsidiary is only one of the guarantors for the loan. The directors believe that the frozen bank balance of RMB54,128,000 as included in “Restricted bank balance and short-term deposits” will be released upon the conclusion of the legal proceedings and no provision is considered necessary as at 31 December 2014. In addition, the directors are of the opinion that no provision on the shortfall of RMB7,872,000 between the court order of RMB62,000,000 and the frozen bank balance of RMB54,128,000 is considered necessary as at 31 December 2014.

For further details of this guarantee agreement, see the “Management Discussion and Analysis” section.

14. CONTINGENT LIABILITIES

(a) As at 31 December 2014, contingent liabilities not provided for in the financial statements were as follows:

	Group	
		(Restated)
	2014	2013
	RMB’000	*RMB’000*
Guarantees given to banks in connection with facilities granted to:		
A PRC company/several PRC companies	**62,000**	152,600

As at 31 December 2014, the banking facilities guaranteed by the Group to a PRC company (2013: several PRC companies) was utilised to the extent of approximately RMB60,000,000 (2013: RMB152,600,000).

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

For further details of this guarantee agreement, see the “Management Discussion and Analysis” section.

15. PLEDGE OF ASSETS

As at 31 December 2014, except for the pledged assets mentioned in note 12, the following assets of the Group were pledged, as applicable:

(1) In accordance with pledge and guarantee agreement entered into by NVC China, a wholly-owned subsidiary of the Company, in 2013, RMB160,000,000 were pledged to banks to secure several bank loans borrowed by several PRC companies.

(2) In accordance with an agreement of deposits, a deposit with a carrying amount of RMB54,100,000 (31 December 2013: Nil) was pledged to a bank to secure a bank loan of a subsidiary of the Group.

(3) In accordance with several letters of guarantee, deposits with carrying amounts of RMB10,428,000 (31 December 2013: RMB5,692,000) were pledged for issuing letters of guarantee.

(4) Deposits with carrying amounts of RMB1,500,000 (31 December 2013: RMB500,000) were pledged for application of assets preservation.

For further details of the pledge and guarantee agreements, see the "Management Discussion and Analysis" section.

16. COMPARATIVE AMOUNTS

As at 31 December 2013, an amount of RMB160,000,000 should be reclassified from cash and cash equivalents to short-term deposits in accordance with several pledge and guarantee agreements entered into between the Group and several PRC banks. The directors have also identified that an amount of RMB253,130,000 should be reclassified from cash and cash equivalents to short-term deposits.

Except for the prior year reclassification adjustments mentioned above, certain comparative amounts have been reclassified to conform with the current year's presentation.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The Company's external auditors have issued a qualified opinion on the independent auditors' report on the Group's consolidated financial statements for the year ended 31 December 2014. An extract from the independent auditors' report is as follows:

Basis for qualified opinion

a. Impairment of other receivables

As set out in note 35 to the financial statements, a subsidiary of the Company entered into several pledge and guarantee agreements in 2013 and 2014 (the "Pledge and Guarantee Agreements") with certain banks in China, providing guarantees to the banks for their lendings to certain borrowers. As at 31 December 2013, RMB160,000,000 of the Group's bank deposits were pledged to the banks under the Pledge and Guarantee Agreements. Additional time deposits of RMB415,500,000 were pledged to the banks under the Pledge and Guarantee Agreements entered into in 2014. Counter guarantees of the same amounts were provided by a borrower of the bank loans (the "Borrower") to the Group. In 2014, RMB24,576,000 of the pledged deposits were returned to the Group and RMB550,924,000 had been withdrawn by the banks due to default of the bank loans under the guarantees.

The Group will take legal actions to claim the counter guarantees provided by the Borrower. As at 31 December 2014, an amount of RMB550,924,000 due from the Borrower was included in "Prepayments, deposits and other receivables" in the consolidated statement of financial position as set out in note 25 to the financial statements. The directors are of the opinion that an amount of RMB265,564,000 is recoverable and a provision for the unrecoverable amount of RMB285,360,000 had been made and included in "Impairment loss of other receivables due from a company" in the consolidated statement of profit or loss of the Group for the year ended 31 December 2014.

a. ***Impairment of other receivables*** *(Continued)*

However, we are not able to obtain sufficient appropriate audit evidence to assess the likely outcome of the legal proceedings, and accordingly, we are not able to ascertain the recoverability of the net amount of RMB265,564,000 due from the Borrower as at 31 December 2014. We are also not able to obtain sufficient appropriate audit evidence to ascertain whether any losses in connection with the Pledge and Guarantee Agreements entered into in the year ended 31 December 2013 should have been provided for in the consolidated financial statements for the year ended 31 December 2013. Any adjustments to the recoverable amount of RMB265,564,000 due from the Borrower would have a consequential impact on the Group's net assets as at 31 December 2014 and the Group's net loss for the year then ended.

Any losses for the Pledge and Guarantee Agreements that should have been made in the year ended 31 December 2013 would have a consequential impact on the Group's net assets as at 31 December 2013 and 2014 and its profit/losses for the years.

b. Provision for losses on a financial guarantee contract

As set out in note 35 to the financial statements, in addition to the Pledge and Guarantee Agreements as mentioned in the above paragraphs, a subsidiary of the Group entered into a guarantee agreement (the "Guarantee Agreement") with a bank in China, providing guarantee to the bank on a bank loan granted by the bank to its borrower. The bank loan was in default in 2014 and the bank has taken legal actions against the borrower and the guarantors to recover the loan balance. A court order was issued to freeze deposits of RMB62,000,000 of the subsidiary. As a result of the court order, deposit of the subsidiary in the amount of RMB54,128,000 had been frozen by the bank as at 31 December 2014. The directors consider that the likelihood of the Group sustaining losses from the guarantee is remote as the loan had sufficient underlying securities and the subsidiary is only one of the guarantors for the loan. The directors believe that the frozen bank balance of RMB54,128,000 as included in "Restricted bank balance and short-term deposits" will be released upon the conclusion of the legal proceedings and no provision is considered necessary as at 31 December 2014. In addition, the directors are of the opinion that no provision on the shortfall of RMB7,872,000 between the court order of RMB62,000,000 and the frozen bank balance of RMB54,128,000 is considered necessary as at 31 December 2014.

However, we are not able to obtain sufficient appropriate audit evidence to assess the likely outcome of the legal proceedings, and accordingly, we are unable to ascertain whether any provision on the frozen bank balance of RMB54,128,000 is required to be made by the Group and whether provision on the shortfall of RMB7,872,000 is required to be made by the Group as at 31 December 2014. Any provisions that should have been made would have a consequential impact on the Group's net assets as at 31 December 2014 and the Group's net loss for the year then ended.

Qualified opinion

In our opinion, except for the possible effects on the matters described in the basis for qualified opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The global economic growth rate slowed further in 2014 with rugged economic recovery. Japan and the Eurozone remained burdened with slumped economy while emerging markets like Russia experienced drastic depreciation in Rubles and China faced slowdown in economic growth. However, the momentum of economic recovery was strong in the U.S.A. with increasing U.S. dollars exchange rate. The third round of Quantitative Easing Monetary Policy ended as scheduled.

According to the information from National Bureau of Statistics of China, various indices of real estate industry which is closely related to the lighting industry recorded a downward trend in 2014. The saleable area of China's real estate market and the area of housing under construction decreased by 7.6% and 10.7% respectively, as compared with the Corresponding Period, which created impact on the downstream lighting industry. However, LED lighting products were still the main development trend of the lighting industry in 2014. The gradual elimination of incandescent lights worldwide and the global consensus on low-carbon economy development expedited the popularity of LED lighting products. China has also gradually become the market with the largest production scale for LED lighting products in the world. Based on the statistics from CSA (China Solid State Lighting Alliance) Research, the scale of China's semiconductor lighting industry reached RMB350.7 billion in 2014, representing an increase of 36% from RMB257.6 billion in 2013. In particular, the scale of mid-upstream epitaxial wafer was approximately RMB13.8 billion, midstream packaging was approximately RMB51.7 billion and downstream application rose up to RMB285.2 billion.

In 2014, China's traditional lighting enterprises expedited their transformation to LED lighting. With a maturing LED lighting technology development, the abundant supply of LED lighting products available in the market created pressure on the traditional lighting products. On the other hand, the sudden explosive growth in the last two years led to excessive LED lighting supply and triggered competitions on distribution channels and pricing. As a result, competition in the industry was aggravated. The lighting industry entered the critical period of shuffle effect. In addition, e-commerce became a hot topic within the industry. With the well developed Internet technology and mobile equipment, the global e-commerce providers took the stage. Major lighting brands in China took the initiative to construct e-commerce platforms and recorded good results. Meanwhile, the O2O model in the lighting industry has emerged, which is a breakthrough on the original multi-agency model to reduce the transaction cost and becomes the new direction for the transformation of the traditional marketing model in the lighting industry.

BUSINESS REVIEW

Mr. WU Changjiang's Actions

In 2014, the majority of the members of the Board were informed by Mr. WU Changjiang that he had signed a series of licensing agreements purportedly on behalf of Huizhou NVC, without the Board's approval or knowledge. Subsequently, on 8 August 2014, Mr. WU Changjiang was removed by the Board from the office of chief executive officer. His unreasonable refusal to comply with the relevant Board resolutions resulted in the suspension of operations of NVC China and Chongqing NVC for more than two months, which adversely affected the Group's normal operations and the operating results during the Reporting Period. Mr. WU Changjiang also entered into certain pledge and guarantee agreements purportedly on behalf of NVC China, without the Board's knowledge to secure bank loans of other companies. The Company has reasonable ground to believe that at least some of those companies may be associates of Mr. WU Changjiang. As a result of those purported pledge and guarantee agreements, approximately RMB551 million and RMB54 million of NVC China's funds were withdrawn and frozen, respectively, by relevant PRC banks. This has contributed to the Group recording a loss for the Reporting Period. Based on inquiries made by the Company, it has been informed that the arrest of Mr. WU Changjiang was approved by the Huizhou Municipal People's Procuratorate on 12 January 2015. Regarding Mr. WU Changjiang's alleged wrongdoing, please refer to a series of announcements of the Company on 8 August 2014, 14 August 2014, 20 August 2014, 28 August 2014, 10 September 2014, 8 October 2014, 27 October 2014, 6 November 2014, 19 November 2014, 21 January 2015, 6 February 2015 and 14 April 2015 respectively.

Following the removal of Mr. WU Changjiang from the office of chief executive officer, the Group's new management established an Emergency Committee and an Independent Investigations Committee, and appointed external service providers to conduct a forensic review of the irregularities in connection with the alleged wrongdoing of Mr. WU Changjiang and an internal controls assessment of the Company and its key subsidiaries. In addition, in August 2014, the Company decided to suspend the operations of NVC China in Chongqing and to establish the headquarters at the Company's Huizhou offices. This action was taken to ensure the efficient and continuous operation of the Company and to protect the interests of shareholders, employees, distributors and suppliers of the Company.

Sales and Distribution

In respect of the market management, the Group maintained 36 exclusive regional distributors during the Reporting Period. As at 31 December 2014, the exclusive regional distributors of the Group had a total of 3,705 exclusive outlets (in the provincial capital cities with a 100% coverage rate, in the prefecture-level cities with a 96.5% coverage rate, in the county-level cities with a 67.5% coverage rate and in the town centers with a 2.7% coverage rate), representing an increase of 406 outlets as compared with the Corresponding Period, mainly in the county-level cities and town centers. Apart from this, the exclusive regional distributors also developed many exhibition walls, exhibition counters and metalware outlets. In terms of internal management, the Group adjusted the management structure, set up the retail and core engineering sales centers, professional engineering sales centers, key accounts (KA) sales centers and industrial lighting sales centers in order to carry out various development and promotion to different clients, provide specific services and promote the coverage of the Company's products to more regions. Meanwhile, in order to expand the business scope, we announced the major layout of the Internet O2O development strategy, so as to capture the opportunities in the Internet era and enhance competitiveness. Mr. WU Changjiang's unreasonable refusal to comply with the Board's resolutions resulted in the suspension of the operation of Chongqing NVC and NVC China for more than two months. Consequently, the total turnover of NVC brand products in China decreased 8.2% from the Corresponding Period to RMB1,951,973,000.

Sales and Distribution *(Continued)*

As for the non-NVC brands in the PRC market, the Group focused on providing the energy-saving lamp enterprises with products including energy-saving light tubes and accessories. During the Reporting Period, the market price and the sales orders of the Group's fluorescent lighting products were affected by the impact of LED lighting products. As a result, the total turnover of the non-NVC brand products in China decreased 17.8% from the Corresponding Period to RMB320,507,000.

In respect of the NVC brand in the international market during the Reporting Period, the Group increased its investment and development in key markets such as South America, Middle East, Australia, India and Southeast Asia. Five brand exclusive outlets were set up in Dammam of Saudi Arabia, Indonesia (2 outlets), Kenya and Chile. By sponsoring the Fédération International de Natation ("FINA") Diving World Series, we conducted the in-depth brand promotion in Dubai, Russia, Aman and Mongolia. Especially, the promotion of the LED lighting products expedited the transformation from the use of traditional products to LED lighting products in various regions. During the Reporting Period, the total turnover of NVC brand products in international market was RMB441,286,000, representing an increase of 20.6% as compared with the Corresponding Period, in which the turnover of LED lighting products was RMB251,316,000, representing an increase of 300.2% as compared with the Corresponding Period and comprising 57.0% of the international sales revenue from NVC brand products as compared with 17.2% in the Corresponding Period.

For the non-NVC brands in the international market, the Group mainly provided famous international lighting enterprises with energy-saving lamps, energy-saving light tubes and accessories in the form of ODM. At the same time, in line with the market trend, the Group took the initiative for the transformation to LED energy-saving products through technological improvement and product development. During the Reporting Period, the total turnover of non-NVC brand products in the international market was RMB757,248,000, representing a decline of 15.0% as compared with the Corresponding Period.

Product Research, Development and Design

During the Reporting Period, the research and development of the Group concentrated in the LED lighting sector. Through analysing the layout and positioning of the LED lighting products, the Group kept on making breakthroughs in industrial design, quality enhancement and cost control and launched various new LED lighting products for indoor and outdoor lightings. Furthermore, the Group filed new applications for 50 patents, with 81 patents approved and granted during the Reporting Period. The Group invested RMB50,521,000 in the research and development projects, accounting for 1.5% of the Group's revenue, the percentage of which was basically equivalent to the Corresponding Period last year.

Brand Promotion and Honor

During the Reporting Period, the Group continued to promote the brand image of NVC through advertisement, media reports, public relations and public welfare activities. Meanwhile, through nationwide large-scale anti-counterfeit activities, the Group made a great achievement, enhanced the brand image and protected the benefits of consumers and clients.

Brand Promotion and Honor *(Continued)*

During the Reporting Period, the Group received the "Top 100 Enterprises of Good Financial Capacity", "China Light Industry Research and Development and Innovation Advanced Enterprise", "China Light Industry E-commerce Advanced Enterprise", "The Most Influential Brand", "2014 Top 500 Most Valuable Brands in China", "Iconic Brand of China's Lighting Industry" and "2014 Designers' Top 10 Lighting Brands Awards". Moreover, the Group ranked No. 1 on the list of the suppliers' first choice under the category of lighting appliances for the top 500 real estate development enterprises in China for the year 2013 to 2014. In March 2014, the Group won the tender for the lighting project of the International Horticultural Exposition and became the senior sponsor for the 2014 Qingdao International Horticultural Exposition.

FINANCIAL REVIEW

Revenue

Revenue represents the invoiced value of goods sold, after allowances for returns and trade discounts. During the Reporting Period, the progress of replacing traditional lighting products with LED lighting products has been expedited. The turnover of LED lighting products reached RMB1,228,131,000, representing an increase of 65.8% as compared with the Corresponding Period, which was the major contribution of the Group's results. However, as the result of suspension of production and sales of some subsidiaries, each product line recorded a lower turnover in the second half of the year. Due to the above reasons, the Group's revenue was RMB3,471,014,000 during the Reporting Period, representing a decline of 8.0% as compared with the Corresponding Period.

Revenue by product segments

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

	Years ended 31 December		
	2014	2013	Growth rate
	RMB'000	*RMB'000*	
Luminaire products	**2,108,622**	2,122,477	(0.7%)
Lamp products	**1,149,045**	1,379,551	(16.7%)
Lighting electronic products	**213,347**	271,788	(21.5%)
Total	**3,471,014**	3,773,816	(8.0%)

During the Reporting Period, turnover of luminaire products slightly decreased by 0.7%. Despite the high growth rate of LED luminaire products, luminaire turnover was largely affected by the operation suspension of some subsidiaries which produce and supply luminaire products. The sales of lamp products decreased by 16.7%, which is mainly attributable to the unsaturated production capacity of lamp products under the fluorescent category (with energy-saving lamp and energy-saving light tubes accounting for larger proportion) due to insufficient orders and decline in sales prices as a result of the impact by LED lighting products. Sales orders from major customers also decreased. The sales of lighting electronic products decreased by 21.5%, which is mainly attributed to the decline of market demand for traditional accessories of luminaire products. At present, LED lighting electronic products account for a smaller proportion and will be the major transformation direction in the future.

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

The table below sets forth the revenue by geographical locations, NVC brand products and non-NVC brand products and the growth rate of each item. Our non-NVC brand products primarily consist of ODM products.

	Years ended 31 December		
	2014	2013	Growth rate
	RMB'000	*RMB'000*	
Sales revenue from PRC			
NVC brand	**1,951,973**	2,127,066	(8.2%)
Non-NVC brand	**320,507**	389,826	(17.8%)
Subtotal	**2,272,480**	2,516,892	(9.7%)
Sales revenue from international market			
NVC brand	**441,286**	365,962	20.6%
Non-NVC brand	**757,248**	890,962	(15.0%)
Subtotal	**1,198,534**	1,256,924	(4.6%)
Total	**3,471,014**	3,773,816	(8.0%)

Revenue by LED lighting products and non-LED lighting products

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

	Years ended 31 December		
	2014	2013	Growth rate
	RMB'000	*RMB'000*	
LED lighting products	**1,228,131**	740,589	65.8%
Non-LED lighting products	**2,242,883**	3,033,227	(26.1%)
Total	**3,471,014**	3,773,816	(8.0%)

During the Reporting Period, turnover of LED lighting products increased by 65.8% as compared with the Corresponding Period, representing an increase from 19.6% of the total turnover in the Corresponding Period to 35.4%. The sales of LED lighting products from the PRC recorded a turnover of RMB963,693,000 and increased by 42.3% as compared with the Corresponding Period, representing an increase from 26.9% of the total turnover in the PRC in the Corresponding Period to 42.4%. Turnover of non-LED lighting products decreased by 26.1% as compared with the Corresponding Period, representing a decrease from 80.4% of the total sales revenue in the Corresponding Period to 64.6%, which mainly attributed to the remarkable decline in sales orders resulting from the impact of market demand and the suspension of production and sales of some subsidiaries. Each product line recorded a lower turnover.

Cost of Sales

Cost of sales mainly consists of the cost of raw materials, outsourced manufacturing costs, labor costs and indirect costs. Major raw materials of the Group include iron, aluminum and alloys, fluorescent powder, glass tubes, electronics components and LED packaged chips. Outsourced manufacturing costs primarily include the cost of purchased semi-finished products and finished products produced by other manufacturers and used in the production of our products. Indirect costs primarily include water, electricity, depreciation and amortisation and others. The table below sets forth the composition of our cost of sales:

	Years ended 31 December			
	2014		2013	
	RMB'000	***Percentage in revenue (%)***	*RMB'000*	*Percentage in revenue (%)*
Raw materials	**2,071,170**	**59.7%**	2,233,877	59.2%
Outsourced manufacturing costs	**206,345**	**5.9%**	208,412	5.5%
Labor costs	**260,805**	**7.5%**	336,621	8.9%
Indirect costs	**191,118**	**5.5%**	197,503	5.3%
Total	**2,729,438**	**78.6%**	2,976,413	78.9%

During the Reporting Period, the cost of sales as a percentage in revenue decreased from 78.9% to 78.6%, resulting in an increase in gross profit margin from 21.1% to 21.4%, which is mainly due to changes in product mix and the enhancement in cost control.

Gross Profit and Gross Profit Margin

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

During the Reporting Period, gross profit was RMB741,576,000, representing a decrease of 7.0% as compared with the Corresponding Period, gross profit margin increased from 21.1% in the Corresponding Period of 2013 to 21.4%. The gross profit and gross profit margin by segments are as follows:

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

	Years ended 31 December			
	2014		2013	
	RMB'000	***(%)***	*RMB'000*	*(%)*
Luminaire products	**503,554**	**23.9%**	467,122	22.0%
Lamp products	**198,744**	**17.3%**	281,422	20.4%
Lighting electronic products	**39,278**	**18.4%**	48,859	18.0%
Total	**741,576**	**21.4%**	797,403	21.1%

Gross Profit and Gross Profit Margin *(Continued)*

During the Reporting Period, gross profit margin of luminaire products increased by 1.9% to 23.9% as compared with the Corresponding Period, which is mainly attributable to a faster growth in gross profit margin of LED luminaire products resulted from the adjustment of LED pricing strategy. Price was relatively low in the initial stage in order to open up the market and gain the market share. However, price increased as the market and technology matured. On the other hand, the upstream and downstream integration effects of Elec-Tech International Co., Ltd. ("Elec-Tech") were gradually emerging and the costs of LED chips declined. Gross profit margin of lamp products decreased by 3.1% to 17.3% as compared with the Corresponding Period, which is mainly attributable to unsaturated production capacity due to insufficient orders and decline in sales prices. Gross profit margin of lighting electronic products increased by 0.4% to 18.4% as compared with the Corresponding Period, mainly attributable to the changes in product mix.

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

	Years ended 31 December			
	2014		2013	
	RMB'000	*(%)*	*RMB'000*	*(%)*
Gross profit from PRC sales:				
NVC brand	**465,841**	**23.9%**	472,621	22.2%
Non-NVC brand	**34,951**	**10.9%**	75,371	19.3%
Subtotal	**500,792**	**22.0%**	547,992	21.8%
Gross profit from international sales:				
NVC brand	**101,780**	**23.1%**	83,517	22.8%
Non-NVC brand	**139,004**	**18.4%**	165,894	18.6%
Subtotal	**240,784**	**20.1%**	249,411	19.8%
Total	**741,576**	**21.4%**	797,403	21.1%

Gross Profit and Gross Profit Margin *(Continued)*

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

	Years ended 31 December			
	2014		2013	
	RMB'000	*(%)*	*RMB'000*	*(%)*
LED lighting products	**309,727**	**25.2%**	121,240	16.4%
Non-LED lighting products	**431,849**	**19.3%**	676,163	22.3%
Total gross profit	**741,576**	**21.4%**	797,403	21.1%

During the Reporting Period, gross profit margin of LED lighting products increased by 8.8% to 25.2% as compared with the Corresponding Period, which is attributable to the adjustment in LED pricing strategy of LED lighting products. In order to open up the market and gain the market share in the initial stage, pricing was relatively low. Price increased as the market and technology matured. On the other hand, the upstream and downstream integration effects of Elec-Tech were gradually emerging and the purchasing costs of LED chips declined. Gross profit margin of non-LED lighting products declined by 3.0% to 19.3% as compared with the Corresponding Period, mainly attributable to the impact of LED lighting products and decline in gross profit margin of fluorescent lamp and batten products.

Other Income and Gains

Other income and gains mainly consist of trademark license fees, rental income, gain on sale of scrap materials, government grants and interest income (please refer to note 3 to the financial statements on page 10 of this announcement for the composition of other income and gains). We received various types of government grants as tax subsidies and incentives for research and development activities and expansion of production capacity of energy-saving lamps. Government subsidies are provided by relevant authorities at their discretion, and may not necessarily be recurring in nature. We licensed our trademark to a limited number of related companies and a third party company at one to three percent of the companies' sales as trademark license fees. During the Reporting Period, other income and gains were RMB64,449,000, representing a decrease of 29.6% as compared with the Corresponding Period. The decrease was primarily due to the lower government subsidies as compared with the Corresponding Period.

Selling and Distribution Costs

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

During the Reporting Period, our selling and distribution costs were RMB386,785,000, representing an increase of 42.8% as compared with the Corresponding Period. The increase mainly reflected the increase in labor costs as well as the increase in advertising and promotion fees. Our selling and distribution costs as a percentage in revenue increased from 7.2% to 11.1%.

Administrative Expenses

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

During the Reporting Period, our administrative expenses were RMB426,285,000, representing an increase of 64.7% as compared with the Corresponding Period. The increase is mainly attributable to the increases in staff costs, the legal consultation fees and the bad debt provision. Our administrative expenses as a percentage in revenue increased from 6.9% to 12.3%.

Other Expenses

Other expenses include modification loss of trade receivables, losses on disposal of property, plant and equipment, donation, exchange loss and other miscellaneous expenses. Our other expenses increased substantially to RMB18,878,000, mainly due to increases in modification loss of trade receivables, losses on disposal of property, plant and equipment and exchange loss as compared with the Corresponding Period.

Impairment Loss of Other Receivables Due from a Company

Details of impairment loss of other receivables due from a company amounting to RMB285,360,000 are disclosed in note 4 to the financial statements on page 10 of this announcement.

Finance Costs

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

Share of (Loss)/Profit of Associates

This item represents the Group's share of net profit or net loss in the associates during the Reporting Period.

Income Tax Expense

During the Reporting Period, the Group's income tax expense decreased by 81.4% to RMB13,481,000 as compared with the Corresponding Period, which is mainly attributable to the substantial decrease in taxable profit of the Group and the change in tax rate for deferred tax assets of a subsidiary.

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

Due to the factors mentioned above, our net loss for the year (including profit attributable to non-controlling interests) was RMB328,068,000 during the Reporting Period.

Exchange Differences on Translation of Foreign Operations

During the Reporting Period, our exchange differences on translation of foreign operations were RMB848,000. These exchange differences primarily arose from the translation of the financial statements of the Company and the overseas subsidiaries which are denominated in foreign currencies.

Loss Attributable to Owners of the Parent for the Year

Due to the factors mentioned above, loss attributable to owners of the parent was RMB354,153,000 during the Reporting Period.

Profit Attributable to Non-controlling Interests for the Year

During the Reporting Period, profit attributable to non-controlling interests was RMB26,085,000.

Liquidity

Net current assets and working capital sufficiency

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

	31 December	
	2014	2013
	RMB'000	*RMB'000*
CURRENT ASSETS		
Inventories	**689,333**	651,707
Trade and bills receivables	**1,218,824**	1,268,212
Prepayments, deposits and other receivables	**342,140**	81,176
Other current assets	**34,369**	16,919
Restricted bank balance and short-term deposits	**125,233**	502,622
Cash and cash equivalents	**796,694**	936.022
Total current assets	**3,206,593**	3,456,658
CURRENT LIABILITIES		
Trade payables	**598,055**	510,352
Other payables and accruals	**383,758**	319,754
Interest-bearing loans and borrowings	**40,948**	47,117
Government grants	**2,137**	1,909
Income tax payable	**18,828**	21,147
Total current liabilities	**1,043,726**	900,279
NET CURRENT ASSETS	**2,162,867**	2,556,379

As at 31 December 2014 and 31 December 2013, net current assets of the Group amounted to RMB2,162,867,000 and RMB2,556,379,000, respectively, and the current ratio was 3.07 and 3.84, respectively. In light of our current liquidity position, the unutilised banking facilities available to the Group and our projected cash flows generated from operations, the Directors believe that we have sufficient working capital for our present requirements and for the next 12 months.

Capital Management

The table below sets out our gearing ratio as at the end of the Reporting Period.

	31 December	
	2014	2013
	RMB'000	*RMB'000*
Interest-bearing loans and borrowings	**40,948**	47,117
Total debt	**40,948**	47,117
Less: cash and short-term deposits (excluding restricted bank balance)	**(867,799)**	(1,438,644)
Net debt	**N/A**	N/A
Total equity attributable to owners of the parent	**3,247,462**	3,676,870
Gearing ratio	**N/A**	N/A

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

Capital Expenditure

We funded our capital expenditure with cash generated from operations and bank loans. Our capital expenditure is primarily related to expenditure on property, plant and equipment, prepaid land lease payments and other intangible assets. During the Reporting Period, the Group's capital expenditure amounted to RMB72,465,000, which included, investment of RMB34,816,000 in machinery equipments, moulds and non-productive equipments, an increase of RMB14,241,000 in plant construction, an increase of RMB6,875,000 in furniture and fixtures, an increase of RMB9,414,000 in construction in progress and an increase of RMB5,637,000 in intangible assets which were mainly computer software and development expenses.

Off-balance Sheet Arrangement

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

Capital Commitments

As at 31 December 2014, we had capital commitments of RMB6,721,000 for the acquisition of property, plant and equipment.

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

Operating Lease

As a lessee, we leased certain of our office properties under operating lease arrangements, with leases negotiated for terms ranging from one to five years. There are no restrictions placed on us by entering into these leases. As at the end of the Reporting Period, our total future minimum lease payments under non-cancellable operating lease falling due in the next five years will be RMB17,414,000.

As a lessor, we leased plant and office under operating lease arrangements with leases negotiated for terms ranging from one to five years. The terms of the leases generally require tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market conditions. As at the end of the Reporting Period, our total future minimum lease receivables under non-cancellable operating leases with our tenants falling due in the next five years will be RMB2,093,000.

PROSPECTS

With the popularity of "green" lighting over the world, the promulgation and implementation of energy-saving subsidy policies in the PRC, and consumers' increasing awareness of energy saving, LED lighting products have been widely accepted by the market, leading to a golden age for LED lighting products development. Dating back to 3 July 2012, Ministry of Science and Technology in China published the "12th Five-year" project plan for the technical development of semi-conductor lighting. The targeted scale of China's LED production is expected to reach RMB500 billion by 2015, which provides the market with vast room for development. Furthermore, China has carried out gradual prohibition of using incandescent lights. Following the prohibition of importing and selling incandescent lights of over 60 watts for general purpose in October last year, the import and sales of incandescent lights of over 15 watts for general purpose will be prohibited in October 2016, leading to the development of LED lighting products in the lighting market.

Looking forward to 2015, the LED lighting industry will continue its rapid development trend. However, competitions on distribution channels, pricing, products and brands will be intensified. As a major manufacturing lighting products country coupled with cost advantages and complete supply chain, China will be facing a more intensified market competition than other countries. Having gone through personnel changes, we are raising the sail and sets forth again. With the brand effect as the leading enterprise in the industry, as well as the strongholds in terms of excellent market network and team of operators, abundant varieties of product lines, well-defined management and technical team, coupled with the cooperation with Elec-Tech, we will integrate the upstream, midstream and downstream resources and launch more competitive LED lighting products in the market, with the aim of becoming one of the top three lighting enterprises in the world.

Consolidate Existing Channels and Develop Professional and Household Sectors

With full channel coverage and brand image, the Group will consolidate its current channels and actively develop the fourth-tier town centres to improve the relatively low coverage in township market at present. NVC will increase the investment in the development of new outlets as well as the enhancement and reformation of existing outlets. The promotion activities for group purchase, order placement, exchange and promotion will be organized from time to time. Furthermore, through the segmentation of sales centers for retail, small and medium engineering, key accounts (KA), professional engineering and industrial lighting, the Group will cover the professional market on top of the traditional network channels, make in-depth exploration of engineering projects in the market, and develop and promote specific products for professional clients. Moreover, the Group also set up a company in January 2015 specializing in household lighting appliances and kick off the household product business so as to gradually achieve a comprehensive coverage of the lighting sector.

Expand Overseas Markets and Build up a Medium-to-high-end Brand Image

Going forward, our development of overseas markets will focus on the in-depth exploration of the existing key markets, build up a set of successful and replicable pattern to continuously expand into other regions. In respect of the existing key markets, the Group will continue to reinforce the development and promotion of LED lighting products and expedite the transformation from traditional products to LED lighting products. At the same time, the Group will reinforce the expansion of overseas retail and wholesale channels, and increase the exposure of NVC brand by means of exclusive outlets and the scheme of "store-in-store", in order to build up the Group's medium-to-high-end brand image. In 2015, the Group will conduct seven promotion events in Riyadh (Saudi Arabia), Dammam, United Arab Emirates, Qatar, Aman, Indonesia and Mongolia and promote the NVC brand to the global audience through sponsoring the FINA Diving World Series.

Promote the Implementation of Internet O2O Strategy in Line with Market Development Trend

On 19 November 2014, NVC Lighting and Elec-Tech jointly announced the first O2O lighting and smart household e-commerce platform in Beijing and our key Internet O2O development strategy. At present, the Group has commenced the operation of its own online flagship store, which authorized the operational centers to operate the online exclusive outlet in different phases. The Group will first aim at easing the flow of traffic for end-users, then construct technical platforms as the O2O testing point. Finally the Group will carry out full website integration and achieve a win-win outcome with the distributors. It is expected that the O2O e-commerce channel will share mutual benefits with the traditional sales strategy and become the new business growth model of the Group.

Strict Implementation of Anti-counterfeit for Protecting Interests of Consumers and Clients

Together with the law-enforcement authorities in Chongqing, Zhongshan, Beijing, Shanghai and Shenzhen, the Group has launched an anti-counterfeit movement in 2014. Various depots for counterfeit NVC products in the PRC were cracked down. Nearly 100 suspects were arrested in a series of major case of severe tort involving tens of million Renminbi, which has drawn great attention of the entire industry, leading to tremendous response in both upstream and downstream. The Group has become the "Anti-counterfeit Guard" and provided other enterprises with the legalized and standardized model in protecting the Company's interests. The anti-counterfeit movement will continue in 2015 to protect the legal interests of consumers and clients.

EVENTS AFTER THE REPORTING PERIOD

From the end of 2014 onwards, NVC China instituted several legal proceedings in the PRC against Mr. WU Changjiang and other defendants in connection with pledge and guarantee agreements (the "Purported Pledge and Guarantee Agreements") entered into by Mr. WU Changjiang purportedly on behalf of NVC China. In the proceedings, NVC China's position is that the Purported Pledge and Guarantee Agreements are not legally valid or enforceable.

Pursuant to PRC court orders issued in connection with these proceedings, some assets of the defendants have been frozen. In order to obtain such orders, as security, certain buildings with carrying amounts of RMB256,298,000 and certain lands with carrying amounts of RMB50,953,000 of the Group have been prohibited from being transferred, disposed of, pledged or donated for a period of two years commencing from January 2015.

In addition to the proceedings described above, the Group is also considering the possibility of taking additional actions to protect its interest, including actions in connection with the facts underlying the counter guarantees provided by Wu Ji.

Among other things, Mr. WU Changjiang entered into a guarantee agreement (the "Purported Guarantee Agreement") purportedly on behalf of NVC China with the Chongqing branch of a PRC bank (the "Bank"), on 7 March 2014. The Bank has commenced proceedings in the PRC against NVC China and other defendants in connection with the Purported Guarantee Agreement. NVC China is presently taking steps to defend the action, including challenging the legal validity and enforceability of the Purported Guarantee Agreement.

For further details of the Purported Pledge and Guarantee Agreements and the Purported Guarantee Agreement, please refer to the Company's announcement on 14 April 2015.

On 26 January 2015, Huizhou NVC, a subsidiary of the Group, established a company named "中山雷士燈飾科技有限公司" with three natural persons where Huizhou NVC holds 50% of the equity interest. The principal activities of 中山雷士燈飾科技有限公司 comprise the research, development, manufacture and sale of lamps, luminaries and LED products, with a registered capital of RMB15 million. With the establishment of 中山雷士燈飾科技有限公司, the Group intends to expand its business scope to household lighting appliances and achieve a comprehensive coverage of the lighting sector.

CONNECTED TRANSACTIONS

In its announcements dated 8 October 2014, 19 November 2014 and 13 May 2015, the Company, among other things, provided details of certain pledge and guarantee agreements (the "Relevant Purported Pledge and Guarantee Agreements") entered into by Mr. WU Changjiang purportedly on behalf of NVC China relating to bank loans borrowed by En Wei Xi, Lei Li Jie, Wu Ji and Jiang Te during the Reporting Period. The information was provided in the event that the Relevant Purported Pledge and Guarantee Agreements are determined to be legally valid and enforceable and to be connected transactions.

CONNECTED TRANSACTIONS *(Continued)*

En Wei Xi is an associate of Mr. WU Changjiang and accordingly a connected person of the Company. Recent investigations of the Company indicate that Jiang Te is an associate of Mr. WU Changjiang and therefore a connected person of the Company. Investigations are continuing as to the precise relationship between Wu Ji and Lei Li Jie (on the one hand) and Mr. WU Changjiang and the Company (on the other hand). The Company has reason to believe that Wu Ji and/or Lei Li Jie may be associates of Mr. WU Changjiang and may potentially be connected persons of the Company. If so, the Relevant Purported Pledge and Guarantee Agreements would constitute connected transactions of the Company under the Listing Rules, should they be determined to be legally valid.

The Relevant Purported Pledge and Guarantee Agreements are among the Purported Pledge and Guarantee Agreements described under "Events after the Reporting Period". The Board would like to reiterate that the entering into of the Relevant Purported Pledge and Guarantee Agreements was not carried out with the knowledge of the current Board. Accordingly, the Board is not presently aware of a fair and reasonable justification for the entering into of the Relevant Purported Pledge and Guarantee Agreements, nor has the Board been provided with a proper explanation which indicates that the Relevant Purported Pledge and Guarantee Agreements are in the interests of the Company or its shareholders as a whole. As mentioned under "Events after the Reporting Period", NVC China has commenced several proceedings in the PRC against Mr. WU Changjiang and other defendants in connection with the Purported Pledge and Guarantee Agreements. In those proceedings, NVC China's position is that the Purported Pledge and Guarantee Agreements are not legally valid or enforceable. Please refer to the Company's announcement dated 14 April 2015 for more information.

MERGER, ACQUISITION AND INVESTMENT

During the Reporting Period, the Company's subsidiary, Huizhou NVC, invested RMB39,200,000 (paid-up capital of RMB23,520,000) to acquire 49% equity interest of Huizhou Thorled-Opto Co., Ltd. which principally engaged in the development, manufacture and sales of a range of LED packaged products with registered capital of RMB80,000,000. Other than that, the Group did not acquire, merge or dispose of any subsidiary and associate during the Reporting Period.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

We did not use the proceeds from the Global Offering in a manner different from those set out in the prospectus of the Company dated 7 May 2010.

MARKET RISKS

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

Foreign Currency Risk

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

Commodity Price Risk

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

Liquidity Risk

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

Credit Risk

Our major credit risk arises from exposure to a substantial number of trade and bills receivables and prepayments, deposits and other receivables from debtors. We have policies in place to ensure that the sales of products are made to customers with an appropriate credit limit, and we have strict control over credit limits of trade receivables. Our cash and short-term deposits are mainly deposited with registered banks in Mainland China and Hong Kong. We also have policies that limit our credit risk exposure to any financial institutions. The carrying amounts of trade and bills receivables, prepayments, deposits and other receivables and short-term deposits included in the consolidated statement of financial position represent our maximum exposure to credit risk in relation to our financial assets. We have no other financial assets which carry significant exposure to credit risk. In 2014, we entered into a number of one-year insurance contracts with China Export & Credit Insurance Corporation, which covered up to 85% of uncollectible receivables from PRC sales and 90% uncollectible receivables from international sales between the period from 1 December 2014 to 30 November 2015 with a maximum compensation amount of RMB32,000,000 for PRC sales and US$30,000,000 (equivalent to approximately RMB183,570,000) for international sales. We purchased such insurance in order to minimise our exposure to credit risk as we expand our business. We plan to renew such insurance contracts when they become due.

FINAL DIVIDEND

The Board has proposed not to declare final dividend for the year ended 31 December 2014.

ANNUAL GENERAL MEETING AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

The Company will arrange the time of convening the forthcoming annual general meeting as soon as practicable, and the notice of the annual general meeting will be published and dispatched to shareholders in a timely manner in accordance with the requirements of the Listing Rules and articles of association of the Company. Once the date of the annual general meeting is finalized, the Company will publish the period of closure of register of members of the Company in a separate announcement and in the notice of the annual general meeting.

EMPLOYEES

As at 31 December 2014, the Group had approximately 8,414 employees in total (31 December 2013: 8,785). The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. In addition to basic salary, employees are entitled to other benefits including social insurance contributions, employee provident fund schemes, and discretionary incentive and share option schemes.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Directors are of the opinion that, during the Reporting Period, 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 separated and should not be performed by the same person, given that Mr. WANG Donglei assumed the roles of both chairman and chief executive officer during the period starting from 8 August 2014 to 31 December 2014. Mr. WU Changjiang was removed from the office of chief executive officer of the Company on 8 August 2014. Mr. WANG Donglei was appointed as the interim chief executive officer on the same day and was officially appointed as the chief executive officer of the Company on 21 January 2015. Mr. WANG Donglei is the chairman and general manager of Elec-Tech and Elec-Tech 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 applicable principles and code provisions as set out in the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") in compliance with the Listing Rules with written terms of reference. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. Mr. WANG Jinsui resigned as an Independent Non-executive Director with effect from 2 February 2015, therefore, he ceased to be the member of Audit Committee. Mr. WANG Xuexian has been appointed as a member of Audit Committee by the Board on the same date. Currently, the Audit Committee consists of three members, namely Non-executive Director Mr. LIN Ho-Ping, Independent Non-executive Director Mr. LEE Kong Wai, Conway and Independent Non-executive Director Mr. WANG Xuexian, respectively. Mr. LEE Kong Wai, Conway has been appointed as the Chairman of the Audit Committee. The Audit Committee has reviewed and discussed the annual results for the Reporting Period.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") in compliance with the Listing Rules with written terms of reference. The primary duties of the Remuneration Committee are to establish and review the policy and structure of remuneration for the directors and senior management. During the Reporting Period, Mr. WU Changjiang was removed from the position of Executive Director and the positions in committees under the Board with effect from 29 August 2014. Therefore, he ceased to be the member of the Remuneration Committee. Mr. WANG Jinsui also resigned as an Independent Non-executive Director with effect from 2 February 2015, therefore, he ceased to be the Chairman of the Remuneration Committee. Mr. WEI Hongxiong has been appointed as the Chairman of the Remuneration Committee on the same date. Currently, the Remuneration Committee consists of four members, namely, Non-executive Director Mr. ZHU Hai, Independent Non-executive Director Mr. LEE Kong Wai, Conway, Independent Non-executive Director Ms. WU Ling and Independent Non-executive Director Mr. WEI Hongxiong.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") in compliance with the Code with written terms of reference. The primary duties of the Nomination Committee are to review the structure and composition of the Board, make recommendation to the Board on the appointment, re-appointment of Directors and succession planning for Directors and assess the independence of Independent Non-executive Directors. Currently, the Nomination Committee consists of three members, namely Executive Director Mr. WANG Donglei, Independent Non-executive Director Mr. LEE Kong Wai, Conway and Independent Non-executive Director Ms. WU Ling, respectively. Mr. WANG Donglei has been appointed as the Chairman of the Nomination Committee.

STRATEGY AND PLANNING COMMITTEE

The Company established a strategy and planning committee (the "Strategy and Planning Committee") under the Board with written terms of reference. The primary duties of the Strategy and Planning Committee are to propose and formulate the strategic development plan of the Company for the Board's consideration. During the Reporting Period, Mr. WU Changjiang was removed from the position of Executive Director and the positions in committees under the Board with effect from 29 August 2014. Therefore, he ceased to be the member of the Strategy and Planning Committee. Mr. WANG Jinsui also resigned as an Independent Non-executive Director with effect from 2 February 2015, therefore, he ceased to be the member of the Strategy and Panning Committee. Currently, the Strategy and Planning Committee consists of three members, namely, Executive Director, Mr. WANG Donglei, Non-executive Director, Mr. ZHU Hai, and Independent Non-executive Director, Ms. WU Ling, respectively. Mr. WANG Donglei has been appointed as the Chairman of the Strategy and Planning Committee.

EMERGENCY COMMITTEE

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

INDEPENDENT INVESTIGATIONS COMMITTEE

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

APPOINTMENT AND RESIGNATION OF DIRECTORS AND CHANGE IN DIRECTORS' INFORMATION

From 1 January 2014 to the date of this announcement, the appointment, resignation and retirement of Directors and changes in the Directors' information of the Company are as follows:

Mr. MU Yu has retired as an Executive Director with effect from 29 May 2014.

Mr. XIAO Yu has been appointed as a Non-executive Director with effect from 29 May 2014 and has been re-designated as an Executive Director with effect from 8 August 2014.

Mr. LI Wei has been appointed as a Non-executive Director with effect from 29 May 2014.

Mr. WANG Xuexian has been appointed as an Independent Non-executive Director with effect from 29 May 2014 and has been appointed as a member of Audit Committee with effect from 2 February 2015.

Mr. WEI Hongxiong has been appointed as an Independent Non-executive Director with effect from 29 May 2014 and has been appointed as the Chairman of Remuneration Committee with effect from 2 February 2015.

Mr. XIONG Jie has been appointed as an Executive Director with effect from 8 August 2014.

Mr. WU Changjiang was removed from the office of chief executive officer of the Company with effect from 8 August 2014 and was removed from the office of Executive Director and the office of any committee under the Board of the Company with effect from 29 August 2014.

Mr. WANG Donglei was appointed as the interim chief executive officer of the Company with effect from 8 August 2014 and was officially appointed as the chief executive officer of the Company with effect from 21 January 2015. He was also re-designated as an Executive Director from the Non-executive Director with effect from 2 February 2015.

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

In addition, Mr. LEE Kong Wai, Conway, an Independent Non-executive Director, served as an independent non-executive director of GCL New Energy Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 451) since 9 May 2014. He served as a non-executive director and vice chairman of Merry Garden Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 1237) since 16 July 2014. He served as an independent non-executive director of WH Group Limited (a company listed on the main board of the Stock Exchange, stock code: 288) since 16 July 2014. He served as an independent non-executive director of China Rundong Auto Group Limited (a company listed on the main board of the Stock Exchange, stock code: 1365) since 23 July 2014.

CHANGE OF JOINT COMPANY SECRETARY

Ms. KAM Mei Ha Wendy had resigned as a joint company secretary of the Company with effect from 1 April 2014 and Miss LEUNG Ching Ching had been appointed as the joint company secretary of the Company with effect from 1 April 2014.

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

The Group's audited annual results for the Reporting Period will be included in the Company's annual report which will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.nvc-lighting.com.cn and will be dispatched to the Company's shareholders in due course.

REVIEW OF ACCOUNTS

The financial information has been reviewed by the Audit Committee, approved by the Board and agreed by the Group's external auditors, Ernst & Young.

APPRECIATION

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

DEFINITIONS

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

"Board"	the board of Directors of the Company.
"China" or "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not apply to Taiwan, the Macau Special Administrative Region and Hong Kong.
"Chongqing NVC"	Chongqing NVC Lighting Co., Ltd.* (重慶雷士照明有限公司), a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 1 December 2006 and our direct wholly-owned subsidiary.
"Code"	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

"Company"	NVC Lighting Holding Limited (雷士照明控股有限公司), a company incorporated in the British Virgin Islands on 2 March 2006 and subsequently redomiciled to the Cayman Islands on 30 March 2010 as an exempted company with limited liability under the laws of the Cayman Islands.
"Corresponding Period"	means the year ended 31 December 2013 or the year ended 31 December 2014 (as the context may require).
"Director(s)"	the director(s) of the Company.
"En Wei Xi"	Chongqing En Wei Xi Industrial Development Co., Ltd.* (重慶恩緯西實業發展有限公司), a limited liability company incorporated in the PRC and owned as to 40% by Mr. Wu Xianming, Mr. Wu Changjiang's father-in-law.
"Energy-saving lighting products"	CALI (the China Association of Lighting Industry) defines energy-saving lighting products in China as typically consisting of compact fluorescent lamps, fluorescent lamps and supporting lighting fixtures, LED lamps, HID lamps and electronic ballasts. CALI's standard is based on the "Interim Measures on Funding Management of Fiscal Subsidies for Promotion of High-Efficiency Products" as well as the SA (the Standardisation Administration of the PRC) standards, which is in line with the CQC (the China Quality Certification Centre) List.
"Group"	the Company and its subsidiaries.
"GBP"	Great Britain Sterling Pound, the lawful currency of the United Kingdom.
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong.
"Hong Kong"	the Hong Kong Special Administrative Region of People Republic of China.
"Huizhou NVC"	Huizhou NVC Lighting Technology Co., Ltd.* (惠州雷士光電科技有限公司), a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 29 April 2006 and our direct wholly-owned subsidiary.
"HID"	high intensity discharge.
"Jiang Te"	Chongqing Jiang Te Surface Processing Co., Ltd.* (重慶江特表面處理有限公司), a limited liability company incorporated in the PRC and owned as to 51% by En Wei Xi from May 2009 to September 2014.
"Jiangshan Phoebus"	Jiangshan Phoebus Lighting Electron Co., Ltd.* (江山菲普斯照明有限公司), a limited liability company incorporated in the PRC on 8 March 2006 and our indirect wholly-owned subsidiary.

"LED"	light-emitting diode.
"Lei Li Jie"	Chongqing Lei Li Jie Industrial Development Co., Ltd. * (重慶雷立捷實業發展有限公司), a limited liability company incorporated in the PRC which may potentially be associated with Mr. Wu Changjiang.
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.
"NVC Brasil"	NVC Lighting Do Brasil Commercial Import and Export Co., Ltd. a limited liability company incorporated in Brasil, a 51% equity interest of which is held by Hong Kong TYU Technology Co., Ltd., our wholly-owned subsidiary, and the remaining 49% equity interest of which is held by NVC Brasil Technology Co., Ltd.
"NVC China"	NVC Lighting (China) Co., Ltd.* (雷士照明(中國)有限公司) (formerly known as NVC Lighting (Chongqing) Co., Ltd* (重慶雷士實業有限公司)), a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 7 November 2011 and our indirect wholly-owned subsidiary.
"ODM"	original design manufacturing, a type of manufacturing under which the manufacturer is responsible for the design and production of the products and the products are marketed and sold under the customer's brand name.
"O2O"	Online to Offline, referring to the combination of business opportunity offline and internet to enable internet to become the platform of offline transactions.
"Reporting Period"	the year ended 31 December 2014.
"RMB"	Renminbi, the lawful currency of the PRC.
"Shanghai Arcata"	Shanghai Arcata Electronics Co., Ltd.* (上海阿卡得電子有限公司), a limited liability company incorporated in the PRC on 22 September 2005 and our indirect wholly-owned subsidiary.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"Sunny"	Zhejiang Jiangshan Sunny Electron Co., Ltd.* (浙江江山三友電子有限公司), a limited liability company incorporated in the PRC on 2 July 1994 and our indirect wholly-owned subsidiary.

"U.S.A." or "U.S."	the United States of America, its territories, its possessions and all was subject to its jurisdiction.
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States.
"UK NVC"	NVC Lighting Limited (formerly known as NVC (Manufacturing) Limited), a private company incorporated in England and Wales on 31 May 2007, and our direct wholly-owned subsidiary.
"we", "us" or "our"	the Company or the Group (as the context may require).
"Wu Ji"	Chongqing Wu Ji Real Estate Development Co., Ltd. * (重慶無極房地產開發有限公司), a limited liability company incorporated in the PRC which may potentially be associated with Mr. Wu Changjiang.
"Zhangpu Phoebus"	Zhangpu Phoebus Lighting Co., Ltd.* (漳浦菲普斯照明有限公司), a limited liability company incorporated in the PRC on 9 May 2004 and our indirect wholly-owned subsidiary.
"Zhejiang NVC"	Zhejiang NVC Lamps Co., Ltd.* (浙江雷士燈具有限公司), a limited liability company incorporated in the PRC on 28 September 2007, a 51% equity interest of which is held by Huizhou NVC and the remaining 49% equity interest of which is held by Zhejiang Tonking New Energy Group Co., Ltd.* (浙江同景新能源集團有限公司).

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

SUSPENSION OF TRADING

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

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

Hong Kong, 14 May 2015

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

Executive Directors:
WANG Donglei
WANG Dongming
XIAO Yu
XIONG Jie

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

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