TC Orient Lighting Holdings Limited
達進東方照明控股有限公司

(Incorporated in the Cayman Islands with limited liability)
website: www.tatchun.com
(Stock Code: 515)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

The Board (the "Board") of directors (the "Directors") is pleased to announce the unaudited consolidated interim results of TC Orient Lighting Holdings Limited ("the Company") and its subsidiaries (collectively known as the "Group") for the six months ended 30 June 2013.

The unaudited condensed consolidated financial information for the six months ended 30 June 2013 have been reviewed by the Group's auditors, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	NOTES	For the six months ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Turnover	3	**348,460**	435,477
Cost of sales		**(304,122)**	(389,285)
Gross profit		**44,338**	46,192
Other income		**24,271**	22,295
Other gains and losses		**(12,270)**	(12,988)
Selling and distribution expenses		**(19,638)**	(23,312)
Administrative expenses		**(29,363)**	(42,572)
Finance costs		**(5,204)**	(8,025)
Profit (loss) before tax		**2,134**	(18,410)
Income tax expense	4	**(382)**	(7,124)
Profit (loss) for the period	5	**1,752**	(25,534)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Gain on revaluation of owner-occupied properties		**9,984**	–
Deferred tax liabilities arising from revaluation of properties		**(2,496)**	–
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		**4,956**	952
Total comprehensive income (expense) for the period		**14,196**	(24,582)
Profit (loss) for the period attributable to:			
Owners of the Company		**1,710**	(25,952)
Non-controlling interests		**42**	418
		1,752	(25,534)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**13,516**	(25,372)
Non-controlling interests		**680**	790
		14,196	(24,582)
Earnings (loss) per share	7		
– Basic (HK cents)		**0.39**	(5.87)
– Diluted (HK cents)		**0.39**	(5.87)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	NOTES	**30 June 2013 HK$'000 (unaudited)**	31 December 2012 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*8*	**334,626**	337,197
Prepaid lease payments – non-current portion		**35,871**	36,342
Intangible assets		**33,255**	35,345
Interest in an associate		**2**	2
Trade receivables with extended credit terms	*9(a)*	**62,585**	107,695
Deposits paid for acquisition of property, plant and equipment		**4,104**	2,918
		470,443	519,499
Current assets			
Inventories		**169,318**	140,417
Prepaid lease payments - current portion		**941**	941
Trade and other receivables	*9(a)*	**515,423**	508,079
Bills receivable	*9(b)*	**2,434**	3,756
Derivative financial instruments		**–**	297
Pledged bank deposits		**23,115**	45,123
Bank balances, deposits and cash		**138,102**	118,799
		849,333	817,412
Current liabilities			
Trade and other payables	*10(a)*	**178,225**	250,104
Bills payable	*10(b)*	**106,089**	105,899
Taxation payable		**69,220**	68,969
Bank borrowings – due within one year		**224,304**	183,238
Obligations under finance leases – due within one year		**6,342**	8,048
		584,180	616,258
Net current assets		**265,153**	201,154
Total assets less current liabilities		**735,596**	720,653

	30 June 2013 *HK$'000* (unaudited)	31 December 2012 *HK$'000* (audited)
Non-current liabilities		
Obligations under finance leases		
– due after one year	**2,361**	4,968
Deferred tax liabilities	**21,054**	18,558
	23,415	23,526
Net assets	**712,181**	697,127
Capital and reserves		
Share capital	**44,228**	44,248
Share premium and reserves	**645,460**	631,066
Equity attributable to owners of the Company	**689,688**	675,314
Non-controlling interests	**22,493**	21,813
Total equity	**712,181**	697,127

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for buildings and certain financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has also applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant for the preparation of the Group's condensed consolidated financial statements.

- HKFRS 10 *Consolidated Financial Statements;*
- HKFRS 11 *Joint Arrangements;*
- HKFRS 12 *Disclosure of Interests in Other Entities;*
- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance;*
- HKFRS 13 *Fair Value Measurement;*
- HKAS 19 (as revised in 2011) *Employee Benefits;*
- HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures;*
- Amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities;*
- Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income;*
- Amendments to HKFRSs *Annual Improvements to HKFRSs 2009-2011 Cycle; and*
- HK(IFRIC)-Int 20 *Stripping Costs in the Production Phase of a Surface Mine.*

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements. The impact of the application of the relevant standard is set out below.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The directors of the Company reviewed and assessed the application of these five standards in the current interim period and concluded that they had no material effect on the amounts and/or disclosures reported in these condensed consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are in accordance with the consequential amendments of HKAS 34 and additional disclosure of HKFRS 13 will be presented in the annual report. The application of HKFRS 13 does not have significant impact on the fair value measurements of the Group's assets and liabilities.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income. Under the amendments to HKAS 1, the Group's statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim Financial Reporting
(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the *Annual Improvements to HKFRSs 2009 - 2011 Cycle* for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment. Since the CODM does not review assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has not included total assets and liabilities information as part of the segment information.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The following is an analysis of the Group's turnover and results by reportable and operating segments:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Segment revenue - external sales		
Manufacturing and trading of single-sided printed circuit boards ("PCB") ("Single-sided PCB")	**96,979**	98,829
Manufacturing and trading of double-sided PCB ("Double-sided PCB")	**109,961**	157,144
Manufacturing and trading of multi-layered PCB ("Multi-layered PCB")	**102,242**	99,247
Manufacturing and trading of light emitting diode ("LED") lighting ("LED lighting")	**39,278**	80,257
Total	**348,460**	435,477

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Segment profits (loss)		
Single-sided PCB	**61**	(2,916)
Double-sided PCB	**790**	(3,784)
Multi-layered PCB	**1,587**	(7,101)
LED lighting	**3,628**	4,729
	6,066	(9,072)
Other income	**5,770**	5,700
Central administrative costs	**(4,575)**	(6,730)
Fair value changes of derivative financial instruments	**77**	(283)
Finance costs	**(5,204)**	(8,025)
Profit (loss) before tax	**2,134**	(18,410)

Segment profit or loss represents the profit or loss earned or suffered by each segment after allocation of selling and administrative staff cost with reference to turnover and without allocation of certain other income, central administrative costs (mainly including audit fee, exchange loss and depreciation of property, plant and equipment for administrative purpose), fair value changes of derivative financial instruments and finance costs. This is the measure reported to the Group's Chairman, who is the chief operating decision maker, for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	**382**	7,124

No provision for Hong Kong Profits Tax has been made for both periods as the Group had no assessable profit.

The PRC EIT is calculated at 15% to 25% relevant to the PRC subsidiaries where applicable.

The charge for the period to EIT has been relieved by approximately HK$1,979,000 (2012: nil) as a result of tax losses brought forward from previous years.

Deferred taxation has not been provided in the condensed consolidated financial statements in respect of the temporary differences attributable to the accumulated undistributed profits of the PRC subsidiaries amounting to approximately HK$123,720,000 (31 December 2012: HK$121,361,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

5. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Directors emoluments	**3,690**	7,849
Other staff costs	**71,083**	64,477
Equity-settled share-based payment expenses other than directors (included in selling and distribution expenses and administrative expenses)	**556**	4,600
Total staff costs	**75,329**	76,926
Amortisation of intangible assets (included in cost of sales)	**2,974**	3,905
Release of prepaid lease payments	**471**	308
Depreciation of property, plant and equipment	**18,969**	29,386
Impairment loss/written off recognised in respect of trade receivables	**2,037**	8,812
Fair value changes of derivative financial instruments (included in other gains and losses)	**(77)**	283
Imputed interest income on non-current trade receivables (included in other income)	**(4,072)**	(6,164)
Interest income on bank deposits and bank balances (included in other income)	**(1,105)**	(4,024)
Sales of scrap materials (included in other income)	**(13,549)**	(10,233)
Government grant	**(880)**	(327)

6. DIVIDENDS

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2012: nil).

The Board did not recommend the payment of an interim dividend for the period (six months ended 30 June 2012: nil).

7. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings (loss)		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share		
Profit (loss) for the period attributable to owners of the Company	**1,710**	(25,952)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	**442,284**	442,227

The calculation of diluted earnings per share for the period ended 30 June 2013 did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of shares during the period.

The calculation of the diluted loss per share for the period ended 30 June 2012 did not assume the exercise of the Company's outstanding share options as the exercise of the Company's share options would result in a decrease in loss per share.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

The Group's buildings classified as property, plant and equipment were revalued by DTZ Debenham Tie Leung Limited, an independent qualified professional valuer not connected with the Group. DTZ Debenham Tie Leung Limited is a member of the Institute of Valuers. The buildings were revalued at depreciated replacement cost approach. The resulting revaluation surplus of HK$9,984,000 has been credited to the property revaluation reserve during the six months ended 30 June 2013.

At 30 June 2012, the directors considered that the carrying amount of the Group's buildings did not differ significantly from that which would be determined using fair values at the end of the reporting period. Consequently, no revaluation surplus or deficit was recognised in the previous interim period.

During the six months ended 30 June 2013, the Group paid HK$9,034,000 (six months ended 30 June 2012: HK$1,756,000) on acquisition of property, plant and equipment.

9. TRADE, BILLS AND OTHER RECEIVABLES

(a) Trade and other receivables

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Trade receivables with normal credit terms	**276,885**	308,112
Trade receivables with extended credit terms	**253,847**	282,404
Total trade receivables	**530,732**	590,516
Less: Allowance for doubtful debts	**(6,968)**	(17,065)
Total trade receivables, net of allowance for doubtful debts	**523,764**	573,451
Less: Non-current portion of trade receivables with extended credit terms	**(62,585)**	(107,695)
Current portion of trade receivables	**461,179**	465,756
Advances to suppliers	**7,243**	8,302
Value-added tax recoverable	**17,520**	17,388
Other receivables and prepayments	**29,481**	16,633
Amount shown under current assets	**515,423**	508,079

The Group generally allows an average credit period of 30 days to 150 days to its trade customers with normal credit terms and credit period ranging from one year to ten years to its trade customers with extended credit terms which is based on the contractual repayment schedule. The following is an aged analysis of trade receivables with normal credit terms and trade receivables with extended credit terms, net of allowance for doubtful debts, respectively, presented based on the invoice date at the end of the reporting period:

	Extended credit terms		**Normal credit terms**		**Total**	
	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)	**30 June 2013 HK$'000 (unaudited)**	31 December 2012 HK$'000 (audited)	**30 June 2013 HK$'000 (unaudited)**	31 December 2012 HK$'000 (audited)
0 - 30 days	**1,564**	19,309	**54,808**	67,452	**56,372**	86,761
31 - 60 days	**1,316**	–	**58,413**	64,414	**59,729**	64,414
61 - 90 days	**1,753**	–	**57,988**	46,936	**59,741**	46,936
91 - 180 days	**70,255**	56,637	**80,890**	97,755	**151,145**	154,392
Over 180 days	**177,422**	206,458	**19,355**	14,490	**196,777**	220,948
	252,310	282,404	**271,454**	291,047	**523,764**	573,451

9. TRADE, BILLS AND OTHER RECEIVABLES *(Continued)*

(b) Bills receivable

The aged analysis of bills receivable presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2013 *HK$'000* **(unaudited)**	31 December 2012 *HK$'000* (audited)
0 - 30 days	**–**	1,341
91 - 180 days	**2,434**	2,415
	2,434	3,756

10. TRADE, BILLS AND OTHER PAYABLES

(a) Trade and other payables

The aged analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2013 *HK$'000* **(unaudited)**	31 December 2012 *HK$'000* (audited)
0 - 30 days	**20,457**	44,501
31 - 60 days	**28,161**	33,550
61 - 90 days	**33,702**	22,638
91 - 180 days	**28,844**	41,294
Over 180 days	**8,249**	38,592
	119,413	180,575
Other payables	**26,818**	37,996
Accrued salaries and other accrued charges	**18,874**	18,299
Value-added tax payable	**13,120**	13,234
	178,225	250,104

10. TRADE, BILLS AND OTHER PAYABLES *(Continued)*

(b) Bills payable

The aged analysis of bills payable presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2013 *HK$'000* **(unaudited)**	31 December 2012 *HK$'000* (audited)
0 - 30 days	**19,907**	23,677
31 - 60 days	**15,795**	22,821
61 - 90 days	**16,384**	9,817
91 - 180 days	**54,003**	49,584
	106,089	105,899

BUSINESS REVIEW

The Group is principally engaged in manufacturing and trading broad range of LED Lighting and PCBs including single-sided PCBs, double-sided PCBs and multi-layered PCBs up to 12 layers, the breakdown by turnover is summarised as follows:

	For the six months ended 30 June 2013		For the six months ended 30 June 2012		Increase/ (Decrease)	Change in
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
LED Lighting	**39,278**	**11.3**	80,257	18.4	(40,979)	(51.1)
Single-sided	**96,979**	**27.8**	98,829	22.7	(1,850)	(1.9)
Double-sided	**109,961**	**31.6**	157,144	36.1	(47,183)	(30.0)
Multi-layered	**102,242**	**29.3**	99,247	22.8	2,995	3.0
	348,460		435,477		(87,017)	(20.0)

During the period, LED Lighting turnover accounted for approximately 11.3% of the total turnover of the Group mainly because the Group completed new LED lighting contracts in Jiangsu, Guangdong and Henan provinces. The decline in LED Lighting turnover is mainly due to our stringent risk assessment over potential LED lighting contracts. About 70% of the newly entered and completed LED contracts are repayable within one year and this brings positive effect on the liquidity of the LED business unit.

For PCB business, the products in the three categories are mainly applied in consumer electronics, computers and computer peripherals, communications equipment and automotive applications. During the review period, application wise, consumer electronics remained to contribute the highest turnover that accounted for approximately 51.2% of the Group's turnover. By products, the Group has faced the deepest decline (30.0%) from double-sided PCBs, while impact of weakening global demand for PCBs is less severe for single-sided PCBs and multi-layered PCBs.

Moreover, the Group's turnovers by geographical regions are summarised as follows:

	For the six months ended 30 June 2013		For the six months ended 30 June 2012		Increase/ (Decrease)	Change in
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Hong Kong	**98,097**	**28.2**	93,000	21.4	5,097	5.5
PRC	**180,511**	**51.8**	199,905	45.9	(19,394)	(9.7)
Europe	**16,573**	**4.8**	43,532	10.0	(26,959)	(61.9)
Asia	**49,414**	**14.2**	92,617	21.2	(43,203)	(46.6)
Others	**3,865**	**1.0**	6,423	1.5	(2,558)	(39.8)
	348,460		435,477		(87,017)	(20.0)

FINANCIAL REVIEW

For the six months ended 30 June 2013, the Group's turnover amounted to approximately HK$348.5 million, representing a decrease of 20.0% as compared to approximately HK$435.5 million for the corresponding period last year.

The Group's gross profit has decreased by 4.0% to approximately HK$44.3 million. Gross profit margin increased to approximately 12.7%, mainly because operational efficiency was increased by optimising the operational process and management structure in the PCB business. The gross margins for the LED lighting and PCBs were 31.7% and 10.3%, respectively. Profit for period was approximately HK$1.8 million (30 June 2012: Loss of HK$25.5 million). Profit for the period ended 30 June 2013 included non-cash expenses of HK$24.9 million, comprising impairment loss recognised in respect of trade receivable in the LED segment of HK$2.0 million (30 June 2012: HK$8.8 million), equity-settled share-based payment expense of HK$0.9 million (30 June 2012: HK$8.7 million), amortisation of intangible assets of HK$3.0 million (30 June 2012: HK$3.9 million), and depreciation of property, plant and equipment of HK$19.0 million (30 June 2012: HK$29.4 million). The equity-settled share-based payment expense decreases mainly due to cancellation of 18.8 million share options at 29 Oct 2012, which were granted at 2 September 2011 and the high volatility of the share price, was used in the option valuation model.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2013, the Group had total assets of approximately HK$1,319.8 million (31 December 2012: HK$1,336.9 million) and interest-bearing borrowings of approximately HK$233.0 million (31 December 2012: HK$196.3 million), representing a gearing ratio, defined as interest-bearing borrowings over total assets, of approximately 17.7% (31 December 2012: 14.7%).

The Group's net current asset of approximately HK$265.1 million (31 December 2012: HK$201.1 million) consisted of current assets of approximately HK$849.3 million (31 December 2012: HK$817.4 million) and current liabilities of approximately HK$584.2 million (31 December 2012: HK$616.3 million), representing a current ratio of approximately 1.45 (31 December 2012: 1.33).

As at 30 June 2013, the Group had cash and bank balances of approximately HK$138.1 million (31 December 2012: HK$118.8 million).

DIVIDENDS

The Board does not recommend the payment of the interim dividend for the six months ended 30 June 2013 (30 June 2012: nil).

HUMAN RESOURCES

As at 30 June 2013, the Group employed total of approximately 2,069 employees (31 December 2012: 2,287), including approximately 1,962 employees in its Zhongshan production Site, 94 employees in its PRC LED business units and approximately 13 employees in its Hong Kong office.

The Group's remuneration policy is reviewed regularly, with reference to the legal framework, market conditions and the performance of the Group and individual staff. The remuneration policy and remuneration packages of the executive directors and members of the senior management are also reviewed by the remuneration committee. The Group may also grant share options and discretionary bonuses to eligible employees based on the performance of the Group and individuals. Under the Group's remuneration policy, employees are rewarded in line with the market rate in compliance with statutory requirements of all jurisdictions where it operates. The Group also holds regular training programmes and encourages staff to attend training courses and seminars that are related directly and indirectly to the Group's business.

CORPORATE STRATEGY

The primary objective of the Company is to enhance long-term total return for our shareholders. To achieve this objective, the Group's strategy is to place equal emphasis on achieving sustainable recurring earnings growth and maintaining the Group's strong financial profile. The Management Discussion and Analysis contain discussions and analysis of the Group's performance and the basis on which the Group generates or preserves value over the longer term and the basis on which the Group will execute its strategy for delivering the Group's objective.

PROSPECTS

Various supportive policies are announced by the PRC government during the period, such as the "Development Plan for Energy Saving LED Lighting" (半導體照明節能產品產業規劃) jointly announced in Feb 2013 by The National Development and Reform Commissions, The Ministry of Science and Technology, The Ministry of Industry and Information Technology, The Ministry of Finance, The Ministry of Housing and Urban-Rural Development, and General Administration of Quality Supervision, Inspection and Quarantine; as well as "The 13th Purchasing List of Energy-saving Products" (第十三期節能產品政府採購清單的通知) announced by The Ministry of Finance in Jan 2013, implying the popularity of LED is increasing and the government recognised LED as one of the important energy-saving products to be promoted in the market.

Besides, in July 2012, the Ministry of Science and Technology announced "12th Five-Year Special Plan for Development of LED Lighting Technology" (半導體照明科技發展「十二五」專項規劃), which set a target for LED development in 2015: The market share of LED has to reach 30% of the general lighting market, and production scale of LED has to reach RMB500 billion in 2015. According to the plan, the government will support 40-50 high tech corporations, and establish 50 demonstration cities of "10 Cities 10,000 LED Lamps" and 20 innovative production bases.

Given the support by the PRC government, it is expected that the LED industry will boom in 2013-2015. We, as one of the leaders in the LED lighting industry in the PRC, will strive to expand our market share and continue to seize more profitable contracts with a view to deliver higher return to our shareholders.

Upon the termination of the framework agreement to sell part of our PCB business to a Korean-based Company in November 2012, the PCB business remained as our core business. Our PCB technology is developed maturely and continued to contribute steady revenue. We aim to co-operate with a strong strategic partner to develop its PCB business, and does not rule out any possible joint venture possibilities in the future.

Going forward, as our major business strategies, we will focus on the investment of the LED lighting business with high potential growth and maintain the operations in PCB business as our steady business. At the same time, for the Group's long term development, we will continuously look for opportunities to diversify the Group's businesses.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2013 the Company did not purchase any shares of the Company's listed securities.

Neither the Company, nor any of its subsidiaries sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

Compliance with the Code of Corporate Governance Practices

The Company and the directors confirm, to the best of their knowledge, that the Company complied with the code provisions of the new Corporate Governance Code (the "New Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period from 1 January 2013 to 30 June 2013, except the deviation disclosed in the following paragraph:

– With respect to the Code Provision A.2.1 of the New Code, the roles of Chairman and chief executive officer ("CEO") should be separated and not be performed by the same individual. Mr. Yeung Hoi Shan is the Chairman of the Board of Directors. The Chief Executive position is vacant. Mr. Wong Wing Choi, an executive director and CEO of the Company has resigned on 23 January 2009. Since then, the Company had tried to look for appropriate person to succeed and up to the date of this report, the process is still in progress. Major decisions have been made in consultation with members of the Board and appropriate Board committees, as well as top management. In addition, there are four Independent Non-Executive Directors and two Non-Executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore in the view that there are adequate balance of power and safeguards in place.

The Board continues to monitor and review the Company's corporate governance practices to ensure compliance.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

The Company has also adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by the directors. Specific enquiry was made with all the directors and they confirmed that they had complied with the required standards set out in the Model Code regarding securities transactions by directors for the six months ended 30 June 2013.

Audit Committee

The Company has set up an audit committee, in accordance with the requirements of the Code of Corporate Governance Practices, for the purpose of reviewing and providing supervision on the financial reporting process and internal control system of the Group. The Committee comprises four independent non-executive directors with Mr. Cheung Sui Wing, Darius as chairman. The interim results for the six months ended 30 June 2013 had been reviewed by the Audit Committee.

By Order of the Board of
TC Orient Lighting Holdings Limited
YEUNG HOI SHAN
Chairman

Hong Kong, 27 August 2013

As at the date hereof, the executive Directors are Mr. Yeung Hoi Shan, Mr. Kwok Tung Fai and Mr. Zhu Jianqin, the non-executive directors are Madam Li Jinxia and Mr. Yeung Tai Hoi, and the independent non-executive directors are Mr. Cheung Sui Wing, Darius, Mr. Wong Siu Fai, Albert, Mr. Sung Lee Ming Alfred and Mr. Fong Ping.