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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 2015

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 2015.

The unaudited condensed consolidated financial information for the six months ended 30 June 2015 have been reviewed by the Group's auditors, HLB Hodgson Impey Cheng Limited, 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 2015

	Notes	For the six months ended 30 June 2015 HK$'000 (unaudited)	2014 HK$'000 (unaudited)
Turnover	3	**290,349**	367,384
Cost of sales		**(257,553)**	(330,103)
Gross profit		**32,796**	37,281
Other income		**15,260**	20,333
Other gains and losses		**(2,670)**	(27,977)
Selling and distribution expenses		**(16,710)**	(20,090)
Administrative expenses		**(79,792)**	(35,153)
Finance costs		**(6,780)**	(3,508)
Loss before tax		**(57,896)**	(29,114)
Income tax expense	4	**(28)**	(411)
Loss for the period	5	**(57,924)**	(29,525)
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of owner-occupied properties		**–**	11,557
Deferred tax liabilities arising from revaluation of properties		**–**	(2,889)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(319)**	416
Total comprehensive expense for the period		**(58,243)**	(20,441)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(56,180)**	(29,922)
Non-controlling interests		**(1,744)**	397
		(57,924)	(29,525)

	Notes	For the six months ended 30 June 2015 HK$'000 (unaudited)	2014 HK$'000 (unaudited)
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		**(56,405)**	(20,504)
Non-controlling interests		**(1,838)**	63
		(58,243)	(20,441)
Loss per share (HK cents)			
— Basic and diluted	*7*	**(10.59)**	(6.77)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Notes	30 June 2015 HK$'000 (unaudited)	31 December 2014 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**232,139**	245,750
Prepaid lease payments — non-current portion		**19,151**	19,459
Trade receivables with extended credit terms	8(a)	**72,020**	77,281
Deposits paid for acquisition of property, plant and equipment		**–**	600
		323,310	343,090
Current assets			
Inventories		**68,993**	76,247
Prepaid lease payments — current portion		**615**	615
Trade and other receivables	8(a)	**428,087**	426,039
Bills receivable	8(b)	**900**	5,833
Pledged bank deposits		**37,164**	105,936
Bank balances, deposits and cash		**96,686**	167,319
		632,445	781,989
Assets classified as held for sale		**16,044**	16,044
		648,489	798,033
Current liabilities			
Trade and other payables	9(a)	**340,808**	313,203
Bills payable	9(b)	**97,612**	117,288
Taxation payable		**77,417**	78,927
Bank borrowings — due within one year		**112,975**	230,293
Obligations under finance leases — due within one year		**383**	394
		629,195	740,105
Net current assets		**19,294**	57,928
Total assets less current liabilities		**342,604**	401,018

	Notes	30 June 2015 HK$'000 (unaudited)	31 December 2014 HK$'000 (audited)
Non-current liabilities			
Obligation under finance leases			
— due after one year		**352**	523
Deferred taxation		**18,816**	18,816
		19,168	19,339
Net assets		**323,436**	381,679
Capital and reserves			
Share capital		**53,074**	53,074
Reserves		**263,733**	320,138
Equity attributable to owners of the Company		**316,807**	373,212
Non-controlling interests		**6,629**	8,467
Total equity		**323,436**	381,679

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and with Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The interim financial report has been prepared in accordance with same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Interim Financial Statements has been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2015.

Amendments to HKAS19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of those new and revised HKFRSs in the current interim period has had no material impact on the Interim Financial Statements and/or disclosures set out in these Interim Financial Statements.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT INFORMATION

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

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Segment revenue — external sales		
Manufacturing and trading of single-sided printed circuit boards ("PCB") ("Single-sided PCB")	**90,978**	95,440
Manufacturing and trading of double-sided PCB ("Double-sided PCB")	**104,600**	144,255
Manufacturing and trading of multi-layered PCB ("Multi-layered PCB")	**91,798**	102,347
Manufacturing and trading of light emitting diode ("LED") lighting ("LED lighting")	**2,973**	25,342
Total	**290,349**	367,384
Segment loss		
Single-sided PCB	**(12,293)**	(6,544)
Double-sided PCB	**(17,379)**	(7,154)
Multi-layered PCB	**(12,717)**	(10,691)
LED lighting	**(9,343)**	(3,007)
	(51,732)	(27,396)
Other income	**2,645**	4,407
Central administrative costs	**(2,029)**	(2,617)
Finance costs	**(6,780)**	(3,508)
Loss before tax	**(57,896)**	(29,114)

Segment loss represents the loss incurred 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

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	**28**	411

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.

5. LOSS FOR THE PERIOD

Loss for the period has been arrived after charging (crediting) the following items:

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Directors' emoluments	**24,072**	4,443
Other staff costs	**74,759**	64,231
Total staff costs	**98,831**	68,674
Release of prepaid lease payments	**308**	308
Depreciation of property, plant and equipment	**13,818**	14,612
Impairment loss/written off recognised in respect of trade receivables	**–**	6,446
Impairment loss recognised on property, plant and equipment (included in other gains and losses)	**–**	6,209
Reversal of impairment loss previously recognised on trade receivables	**(338)**	(259)
Bad debts recovered of trade receivables with extended credit terms	**(400)**	(271)
Imputed interest income on non-current trade receivables (included in other income)	**(2,980)**	(4,156)
Interest income on bank deposits and bank balances (included in other income)	**(2,482)**	(767)
Sales of scrap materials (included in other income)	**(9,498)**	(8,942)
Government grants (note)	**(58)**	(2,828)
Provision for compensation (included in other gains and losses)	**–**	14,701

Note: Government grants were granted to the Group as subsidies to support the PRC subsidiaries. The government grants had no conditions or contingencies attached to them and they were non-recurring in nature.

6. DIVIDENDS

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2014: nil).

The Directors of the Company have determined that no dividend will be paid in respect of the interim period.

7. LOSS PER SHARE

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

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share:		
Loss for the period attributable to owners of the Company	**(56,180)**	(29,922)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**530,740**	442,284

The calculation of the diluted loss per share for the period ended 30 June 2015 and 2014 did not assume the exercise of the Company's outstanding share options as the effect is anti-dilutive.

8. TRADE, BILLS AND OTHER RECEIVABLES

Included in trade and other receivables was trade receivable of approximately HK$380,856,000 (31 December 2014: HK$421,922,000) as follows:

(a) Trade receivables

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables with normal credit terms	**183,869**	207,455
Less: Allowance for doubtful debts	**(1,503)**	(1,841)
	182,366	205,614
Trade receivables with extended credit terms	**198,490**	216,308
Total trade receivables, net of allowance for doubtful debts	**380,856**	421,922
Less: Non-current portion of trade receivables with extended credit terms	**(72,020)**	(77,281)
Current portion of trade receivables	**308,836**	344,641

The Group generally allows an average credit period of 30 days to 180 days to its trade on PCB customers with normal credit terms and credit period ranging from one year to ten years to its trade on LED lighting 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, which approximated the respective revenue recognition dates:

	Extended credit terms		Normal credit terms		Total	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014	**30 June 2015**	31 December 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(audited)
0–30days	**–**	–	**47,331**	58,064	**47,331**	58,064
31–60 days	**–**	–	**44,600**	54,199	**44,600**	54,199
61–90 days	**212**	597	**38,344**	44,024	**38,556**	44,621
91–180 days	**344**	1,291	**49,581**	44,789	**49,925**	46,080
Over 180 days	**197,934**	214,420	**2,510**	4,538	**200,444**	218,958
	198,490	216,308	**182,366**	205,614	**380,856**	421,922

(b) Bills receivables

The following is an aged analysis of bills receivables based on issue date of the bills at the end of the reporting period:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0–30 days	**775**	5,833
31–60 days	**125**	–
	900	5,833

9. 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 2015 *HK$'000* **(unaudited)**	31 December 2014 *HK$'000* (audited)
0–30 days	**790**	40,294
31–60 days	**30,304**	37,276
61–90 days	**29,035**	31,834
91–180 days	**128,562**	53,112
Over 180 days	**47,835**	45,801
	236,526	208,317
Other payables	**72,857**	79,860
Accrued salaries and other accrued charges	**31,425**	25,026
	340,808	313,203

The credit period on purchases of goods ranged from 90 days to 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

(b) Bills payable

The aged analysis of bills payable is as follows:

	30 June 2015 *HK$'000* **(unaudited)**	31 December 2014 *HK$'000* (audited)
0–30 days	**–**	31,814
31–60 days	**–**	14,923
61–90 days	**6,250**	15,806
91–180 days	**91,362**	54,745
	97,612	117,288

10. EVENT AFTER THE END OF THE REPORTING PERIOD

(a) Dismissal of the PRC Court Order

Upon the application of Ms. Huang and other plaintiffs, Bao An Court granted orders on 13 August 2015 (the "**Withdrawal Orders**") ordering the withdrawal of the PRC Court Orders and all related pre-trial asset-preserving injunctions and legal proceedings involving Zhongshan Tat Chun, Tat Chun PCB and the Company. According to the Withdrawal Orders, Ms. Huang and other plaintiffs have reached a settlement agreement with the defendants (other than Zhongshan Tat Chun and Tat Chun PCB) and therefore wished to petition to the Bao An Court for withdrawing all proceedings and injunctions against Zhongshan Tat Chun and Tat Chun PCB.

(b) Dismissal of the First Petition and Second Petition

Upon the application for consent summons by the petitioners and the Company, the High Court of Hong Kong ordered at a hearing on 31 August 2015 that the First Petition and the Second Petition be dismissed.

CLARIFICATION ON MANAGEMENT ACCOUNTS

In the announcement of the Company dated 31 August 2015 (the "**Management Accounts Announcement**"), the Company disclosed certain figures extracted from its unaudited management accounts for the six months ended 30 June 2015. In particular, it was stated in the Management Accounts Announcement that the Group's turnover and gross profit for the six months ended 30 June 2015 were "*HK$380,853,000*" and "*HK$30,374,000*", respectively. The Company would like to clarify that these two figures set out in the Management Accounts Announcement were inaccurate and were different from the unaudited figures of turnover and gross profit now disclosed in this interim result announcement (i.e. HK$290,349,000 and HK$32,796,000, respectively) as they have, at that stage, yet to take into account the elimination effect of inter-company transactions within the Group.

BUSINESS REVIEW

During the period under review, the Group is principally engaged in manufacturing and trading of broad range of LED lighting and PCBs including single-sided PCBs, double-sided PCBs and multi-layered PCBs (for up to 12 layers). The breakdown of turnover based on products is summarised as follows:

	For the six months ended 30 June					
	2015		2014		**Increase/ (decrease)**	**Change in**
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
LED lighting	**2,973**	**1.0**	25,342	6.9	(22,369)	(88.3)
Single-sided PCB	**90,978**	**31.3**	95,440	26.0	(4,462)	(4.7)
Double-sided PCB	**104,600**	**36.0**	144,255	39.3	(39,655)	(27.5)
Multi-layered PCB	**91,798**	**31.7**	102,347	27.8	(10,549)	(10.3)
Total	**290,349**	**100.0**	367,384	100.0	(77,035)	(21.0)

Revenue from LED lighting business for the six months ended 30 June 2015 decreased by 88.3% as compared to the corresponding period of last year. The decline is mainly due to the external environmental factor, the change in the major shareholder of the Group, the high turnover of the staff, and the fact that fewer projects were commenced by the Group after balancing the risk and return and considering the effect on the liquidity of the business.

The three categories of PCB products are mainly applied in consumer electronics, computers and computer peripherals, and communications equipment. During the period, single and doubled-sided PCB's used for consumer electronics accounted for approximately 67.3% of the Group's turnover. High-end multi-layered PCBs was also a core product of the Group, accounting for 31.7% of turnover.

The Group's turnover by geographical regions is summarised as follows:

	For the six months ended 30 June					
	2015		2014		**Increase/ (decrease)**	**Change in**
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Hong Kong	**68,908**	**23.7**	88,565	24.1	(19,657)	(22.2)
The PRC	**134,082**	**46.2**	145,313	39.6	(11,231)	(7.7)
Asia (Excluding Hong Kong and the PRC)	**42,171**	**14.5**	34,380	9.4	7,791	22.7
Europe	**32,409**	**11.2**	87,971	23.9	(55,562)	(63.2)
Others	**12,779**	**4.4**	11,155	3.0	1,624	14.6
Total	**290,349**	**100.0**	367,384	100.0	(77,035)	(21.0)

During the period under review, revenue from Asia (excluding Hong Kong and the PRC) and others increased significantly, principally due to orders placed by new customers from markets such as Korea and Australia. Revenue from Europe largely decreased, as there were fewer customer orders from this area. On the other hand, revenue from Mainland China decreased, mainly due to the above-mentioned drop in revenue from LED lighting business.

FINANCIAL REVIEW

For the period under review, the Group's turnover amounted to approximately HK$290.3 million, representing a decrease of 21.0% as compared to approximately HK$367.4 million for the corresponding period last year. The turnover of LED lighting has decreased by 88.3% when compared with the same period in 2014. The gross profit margin for the six months ended 30 June 2015 was 11.3%. The gross profit/(loss) margins for LED lighting and PCBs were (6.3%) and 11.5% respectively.

The turnover and gross profit/(loss) margin for both LED lighting and PCB business decreased, mainly attributable to (i) strong competition in LED lighting sector; (ii) more severe competition in PCB industry; and (iii) reduction in average selling price of PCB.

Loss attributable to shareholders was approximately HK$56.2 million (2014: HK$29.9 million).

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2015, the Group had total assets of approximately HK$971.8 million (31 December 2014: HK$1,141.1 million) and interest-bearing borrowings of approximately HK$113.7 million (31 December 2014: HK$231.2 million), representing a gearing ratio (defined as interest-bearing borrowings over total assets) of approximately 11.7% (31 December 2014: 20.3%).

The Group had net current assets of approximately HK$19.3 million (31 December 2014: net current assets of HK$57.9 million) consisted of current assets of approximately HK$648.5 million (31 December 2014: HK$798.0 million) and current liabilities of approximately HK$629.2 million (31 December 2014: HK$740.1 million), representing a current ratio of approximately 1.03 (31 December 2014: 1.08).

As at 30 June 2015, the Group had cash and bank balances (including pledged bank deposits) of approximately HK$133.9 million (31 December 2014: HK$273.3 million). As at 30 June 2015, the Group had bank balances, deposit and cash of approximately HK$96.7 million (31 December 2014: HK$167.3 million).

FOREIGN CURRENCY EXPOSURE

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in Hong Kong dollars ("**HK$**") and Renminbi ("**RMB**"). However, foreign currencies, mainly United States Dollars ("**US$**"), is required to settle the Group's expenses and additions on property, plant and equipment. There are also sales transactions denominated in US$ and RMB. The Group will consider using forward contracts to hedge its foreign currency exposure if it considers the risk to be significant.

DIVIDENDS

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2015 (30 June 2014: Nil).

HUMAN RESOURCES

As at 30 June 2015, the Group employed a total of approximately 1,906 employees (31 December 2014: 2,068), including approximately 1,830 employees in its Zhongshan production site, 55 employees in its PRC LED business units and approximately 21 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 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 intends to hold regular training programmes and encourages staffs to attend training courses and seminars that are related directly or 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.

OUTLOOK

1. Group Strategic Move and Prospects in LED Segment

A. Enhancement of existing technology and production base

The Group understands that the potentials of the LED segment have not been fully explored. Based on our current technology platform and accumulated experience, and to further strengthen our market share in the street light market, the Group has formulated the following strategies going forward:

(i) Selling of street light modules to partners other than first tier cities

The Group will continue to focus our effort in pursuing large street light projects in first tier cities as these projects require an established brand, quality product and control experience of extensive project profile.

Gauged on our technology and procurement strengths, establishing partnership with other street light service providers other than first tier cities will be the focus of our marketing effort. Other than further utilising our technology and production capacity, this move is hoped to improve our market share in Mainland China and also our cash flow in the coming years though the margin per project is expected to reduce.

On balance, the Group believes that this strategy will strengthen the Group in the LED street light sector and increase overall profitability level in the long run.

(ii) Extension to the overseas market of street light

Thanks to our extensive project experience, quality of our products and the product profiles in Mainland China, the Group has been approached by various overseas buyers to request the supply of street light overseas. This request has inspired the Group to consider the overseas market in the coming financial year. This strategic change will further utilise our existing technology and production platform.

Accordingly, the Group expects to expand the overseas division by recruiting more professionals or cooperating with other companies in order to vigorously explore the overseas market potentials.

Certainly, more research and development will be conducted on advanced street light application including wireless control system of the smart street light, which the Group has started to apply in Mainland China projects.

(iii) New product range: High-watt-flood-light for signage lighting

A well-known issue for the advertising industry is that the signage lighting has consumed a lot of power for the signboard or the billboard. As the Group has extensive experience in lighting design in utilizing special lens, high wattage driver, high power LED chips and heat sink ("Special Lighting Design", or SLD), the Group believe this market potential is great and will focus to develop a series of products which will match the special requirements of the advertising industry normally utilising the lights with a range between 100 watts to more than 1,000 watts.

B. Extension of our technology to Special Lighting Design

As explained above, the Group has specialised experience in SLD. The potential of applying our existing researches is also vital to the Group's development in the LED lighting sectors. As a result, the Group has continued to research the applications which could utilise our existing technology to further develop our product range.

The Group believes that the special LED sector is expected to grow in demand in future and has a lot of potentials. The Group may also consider developing in the plant factory system and industry if opportunity comes. The Group is identifying suitable partners in this sector with the view to entering this industry as early as possible.

C. Extension of product profile

As the LED technology has become more stable, the demand of products for small-wattage products (1 watt to 48 watts) becomes more popular. The demand for these products are significant for both Mainland China and overseas market.

The Group plans to specialise in certain product range in order to tap the market trend in the future. The Group intends to focus on either special products or high volumes product in order to fully utilise the branding effect and production capacity.

D. Conclusion

The Company expects the LED lighting industry to continue to grow for industrial and commercial applications.

The Group hopes to seize this opportunity by combining the current and new technology and resources to improve its industry position. The Group will continue its efforts in future with the view to improving our performance in the LED lighting sector.

2. Group Strategic Move and Prospects in PCB Segment

A. Adjustment to product mix

For single-sided PCBs, we intend to shift to metal base materials for high-end LED and backlight power supply. The Company is hoping for an improvement of PCB sales in view of the major international customers secured in 2015.

For multi-layered PCBs, we intend to develop in the motor vehicle market. The Company is trying to secure orders from leading automotive electrical appliance assembly companies in the world.

We also intend to strengthen our cooperation with top domestic PCB manufacturers to support our research and development and marketing of high-end 4G communications products.

B. Measures to be taken in order to increase sales

We target to expand our sales team and recruit talents, in particular building our teams for overseas markets such as Europe and U.S. to capture any opportunities.

We target to expand our OEM division, and will share market and profit with suitable OEM manufacturers while securing long-term customers.

We target to improve our production quality and optimise management through assessment of performance.

CHARGE OF ASSETS

At the end of the reporting period, the following assets were pledged to banks to secure general banking facilities granted to the Group:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Buildings	**150,769**	153,363
Plant and machinery	**1,060**	1,259
Pledged bank deposits	**37,164**	105,936
Prepaid lease payments	**19,766**	20,074
Trade receivables	**–**	12,875
	208,759	293,507

LITIGATIONS

(a) In June 2014, Tat Chun Printed Circuit Board Company Limited ("**HKTC**"), a subsidiary of the Company, received an order from Zhejiang Province Jiaxing Intermediate People's Court ordering HKTC to comply with an arbitral award in the PRC which requires HKTC to make a payment to a customer in the amount of approximately HK$14,701,000 in respect of certain alleged breach of contract.

In view of the possible cash outflow arising from such proceedings, the full amount of the compensation was provided for and recognised as other gains and losses in the consolidated financial statements for the years ended 31 December 2014. HKTC paid the compensation to the customer in full in June 2015.

(b) On 9 December 2014, TC Orient (Jiangsu) Optoelectronic Company Limited (達進東方(江蘇)光電有限公司) ("**TC Orient (JS)**"), a subsidiary of the Company, received a writ issued by 連雲港市連漂椿基工程有限公司中雲分公司 (the "**Plaintiff**") against TC Orient (JS) and filed with Lianyungang City Lianyun District People's Court together with the related court summons, whereby the Plaintiff alleged that TC Orient (JS) shall make a payment of RMB1,331,000 (approximately HK$1,662,000) under certain alleged settlement agreement.

In view of the possible cash outflow arising from such proceedings, the full amount of the claim was provided for and recognised as other gains and losses in the consolidated financial statements for the year ended 31 December 2014. In July 2015, Lianyungang City Lianyun District People's Court made an order requiring TC Orient (JS) to make full payment under the claim.

(c) PRC Court Orders

On 23 April 2015, Zhongshan Tat Chun Printed Circuit Board Company Limited (中山市達進電子有限公司), a wholly owned subsidiary of the Company ("**Zhongshan Tat Chun**") received court orders (the "**PRC Court Orders**") issued on 17 April 2015 by the court of Bao An District, Shenzhen City, Guangdong Province, the PRC (the "**Bao An Court**"). Pursuant to the PRC Court Orders, upon the application made by Huang Shuidi (黃水第) ("**Ms. Huang**"), Bao An Court granted a pre-trial injunction to restraint (i) Mr. Chen Jing; (ii) Shenzhen Optoelectronic Industry Holdings Group Company Limited (深圳光電產業控股集團有限公司) (a company whose president is Mr. Chen since 2012) ("**Shenzhen Optoelectronic**"); (iii) Zhongshan Tat Chun; and (iv) Shenzhen City Jin Lai Shun Group Company Limited (深圳市金來順集團有限公司) (a company whose chief executive officer was Mr. Chen from 2007 to 2013) ("**Jin Lai Shun**") from disposing of their assets in the total amount of RMB12,340,000.

According to the PRC Court Orders, the pre-trial injunction was granted in relation to the dispute over the loan transactions between Ms. Huang, Shenzhen Optoelectronic, Mr. Chen, Zhongshan Tat Chun and Jin Lai Shun.

Further details relating to the PRC Court Orders are more particularly set out in the Company's announcement dated 30 April 2015.

(d) The Demand Letter and the Purported Guarantees and Indemnity

On 27 April 2015, Tat Chun PCB International Company Limited (a wholly-owned subsidiary of the Company) ("**Tat Chun PCB**") received a demand letter dated 21 April 2015 (the "**Demand Letter**") from a solicitors firm acting on behalf of the Huang Guihua, Wu Qian Hong and Ms. Huang (the "**Lenders**"), alleging that:

1. Zhongshan Tat Chun had purportedly provided seven guarantees (the "**Guarantees**") for securing the repayment of the loans granted by the Lenders to Mr. Chen and Shenzhen Optoelectronic in the total principal amount of RMB$31,000,000.00 (the "**Guaranteed Principal**") and accrued interests RMB8,048,000;

2. Tat Chun PCB and the Company purportedly executed an indemnity dated 11 April 2015 in favour of the Lenders and Mr. Chen Gui Yang (陳貴陽) (the "**Indemnity**"), pursuant to which Tat Chun PCB and the Company purportedly covenanted to pay to the Lenders and Mr. Chen Gui Yang (陳貴陽) the moneys owed to them by Mr. Chen and Shenzhen Optoelectronic in the total sum of RMB77,720,000.00 which consisted of the aggregate principal amount of RMB60,700,000.00 and interest in the aggregate amount of RMB17,020,000.00, such sums included the Guaranteed Principal.

In the Demand Letter, the law firm acting on behalf of the Lenders demanded Tat Chun PCB to pay to the Lender the sum of RMB39,048,000.00, within 21 days from the date of the Demand Letter. Further details relating to the Demand Letter, the Guarantees and the Indemnity are more particularly set out in the Company's announcement dated 30 April 2015.

(e) First Petition and Second Petition

On 13 May 2015, Tat Chun PCB received a petition for commencing the legal proceedings for its winding up in the High Court of Hong Kong issued by the Lenders (the "**First Petition**"). Further details relating to the First Petition are more particularly set out in the Company's announcement dated 15 May 2015.

The Company as also notified that a second petition dated 13 May 2015 was filed with the High Court of Hong Kong against the Company for its winding up (the "**Second Petition**"). The Second Petition is, again, based on the allegations along the lines of the Demand Letter and the First Petition. Further details relating to the Second Petition are more particularly set out in the Company's announcement dated 9 July 2015.

(f) Dismissal of the PRC Court Order

Upon the application of Ms. Huang and other plaintiffs, Bao An Court granted orders on 13 August 2015 (the "**Withdrawal Orders**") ordering the withdrawal of the PRC Court Orders and all related pre-trial asset-preserving injunctions and legal proceedings involving Zhongshan Tat Chun, Tat Chun PCB and the Company. According to the Withdrawal Orders, Ms. Huang and other plaintiffs have reached a settlement agreement with the defendants (other than Zhongshan Tat Chun and Tat Chun PCB) and therefore wished to petition to the Bao An Court for withdrawing all proceedings and injunctions against Zhongshan Tat Chun and Tat Chun PCB.

Further details relating to the dismissal of the PRC Court Orders are more particularly set out in the Company's announcement dated 18 August 2015.

(g) Dismissal of the First Petition and Second Petition

Upon the application for consent summons by the petitioners and the Company, the High Court of Hong Kong ordered at a hearing on 31 August 2015 that the First Petition and the Second Petition be dismissed.

Further details relating to the dismissal of the First Petition and the Second Petition are more particularly set out in to the Company's announcement dated 31 August 2015.

OTHER INFORMATION

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of its own listed securities.

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 set out in the Corporate Governance Code (the "**CG Code**") as stated in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the six months from 1 January 2015 to 30 June 2015, except the deviation disclosed in the following paragraph:

(i) With respect to Code Provision A.1.5, minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed. We note that the minutes of some of the board meetings in the six months ended 30 June 2015 failed to record in sufficient detail the matters considered, the reasons for making the decisions and any dissenting views. Upon the revelation of such deviations, the Board spoke with the relevant directors who attended the relevant meetings and recorded the matters, reasoning and dissenting views discussed at those meetings by way of supplemental attendance notes or memoranda. The Board has also set up policies to ensure that all future minutes shall record in sufficient detail the matters considered and decisions reached. After the adoption of such remedial measures, the Company regards that it has now complied with Code Provision A.1.5.

(ii) With respect to Code Provision A.2.1, the roles of Chairman and chief executive officer ("**CEO**") should be separated and not be performed by the same individual. On 1 September 2014, Mr. Li Jianchao was appointed as an executive director and the CEO of the Company. Upon the resignation of Mr. Li on 5 June 2015, Mr. Zeng Xiang Di was appointed Deputy CEO of the Company. Upon the resignation of Mr. Zeng on 16 November 2015, Mr. Wang Shi Jin was appointed the CEO of the Company. Currently, the Company regards that it has complied with Code Provision A.2.1.

(iii) With respect to Code Provision A.2.5, the chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established. With respect to Code Provision A.2.6, the chairman should encourage (a) all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the issuer; and (b) directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus. We note that the Company has not maintained written records of its internal control and corporate governance practices for certain time during the six months ended 30 June 2015. As disclosed in the Company's announcements dated 31 August 2015, 6 November 2015 and 6 January 2016, the Company engaged RSM Nelson Wheeler Consulting Limited ("**RSM**") as our internal control consultant to draw up the Group's internal control and corporate governance policies. After the adoption of a new set of internal control procedures (the "**New IC Procedures**") on 5 November 2015, the Company regards that it has now complied with Code Provisions A.2.5 and A.2.6.

(iv) With respect to Code Provision A.4.1, non-executive Directors should be appointed for a specific term, subject to re-election. When Ms. Shi Qiu Yu was appointed as a non-executive Director on 16 October 2014, she has not been appointed for any fixed term but was subject to retirement by rotation and re-election at the annual general meeting (the "**AGM**") of the Company in accordance with the articles of association of the Company (the "**Articles**"). Upon the revelation of such deviations, the Company has set up policies to ensure that all directors should be appointed for specific term in future. After the adoption of the new policies, the Company regards that it has now complied with Code Provision A.4.1.

(v) With respect to Code Provision A.6.1, every new appointed Director of the Company should receive a comprehensive, formal and tailored induction on appointment and should subsequently receive briefing and professional development necessary to ensure that he has a proper understanding of the issuer's operations and business and is fully aware of his responsibilities under statue and common law, the Listing Rules, legal and other regulatory requirements and the issuer's business and governance policies. With respect to Code Provision A.6.5, all Directors should participate in continuous professional development to develop and refresh their knowledge and skill, and Directors should provide a record of the training they received to the issuer. We note that certain Directors might not have received formal induction and training and/or might not have maintained written records of their training as required under the CG Code during the six months ended 30 June 2015. On 16 November 2015, the Company has arranged for directors' training on common law directors' duties, the Listing Rules, Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") and the Securities and Futures Ordinance (the "**SFO**"). In addition, the Company has set up policies to ensure that regular training will be provided to directors in future. After the adoption of the remedial measures, the Company regards that it has complied with Code Provisions A.6.1 and A.6.5.

(vi) With respect to Code Provision C.1.2, management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. We note that certain Directors might not have been provided with the management accounts on a monthly basis during the six months ended 30 June 2015. Upon the revelation of such deviations, the Company has put in place policies to circulate monthly management accounts to all its Directors. After the adoption of such remedial measures, the Company regards that it has complied with Code Provision C.1.2.

(vii) With respect to Code Provisions C.2.1 and C.2.2, (a) the Board should conduct a review of the effectiveness of the risk management and internal control systems of the issuer and its subsidiaries at least annually; (b) the review should cover all material controls, including financial, operational and compliance controls and risk management functions; and (c) such annual review should, in particular, consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting and financial reporting function. As stated in the Company's announcements dated 31 August 2015, 6 November 2015 and 6 January 2016, the Company engaged RSM as our internal control adviser to conduct a thorough review of our internal control systems and make recommendations to the Company for this purpose. RSM has made recommendations to the Company and the Board has, on 5 November 2015, adopted the New IC Procedures which not only cover the usage of chops and grant of guarantees and indemnities but also policies regarding: (a) investment decisions; (b) handover of work on change of key personnel; (c) risk assessment and control; (d) external communication; (e) financial reporting, budgeting and closing, bank reconciliation, accounting system and records; (f) cash management and loans approval; (g) sales contract management, sales order approval and credit control; (h) purchase contract management and procurement; (i) record registration, management, depreciation and disposal of fixed assets; (j) stock take, reconciliation and record registration of inventory; (k) management and filing of contract authorization and execution; (l) human resources and payroll; (m) production, materials monitoring and quality; and (n) information technology controls. In the first week of December 2015, the New IC Procedures have been circulated to all relevant staff members of the Group. The heads of the departments of each and every key operating subsidiary of the Company in China were delegated the responsibility to provide introductory training to his staff members on the New IC Procedures. After the adoption of the New IC Procedures, the Company regards that it has complied with Code Provisions C.2.1 and C.2.2.

(viii) With respect to Code Provision C.2.5, the issuer should have an internal audit function and issuers without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report. The Company does not currently have an internal audit function. In addition, we are not aware of any review of the need for internal audit function being carried out during the six months ended 30 June 2015. Upon the recommendation of RSM, the Company intended to engage an internal auditor to ensure compliance of internal control procedures by the Group's staff and to take up the overall responsibilities and functions of the Group in relation to our financial reporting procedures, compliance, corporate governance, internal control systems and directors' training.

(ix) With respect to Code Provision D.1.4, Directors should clearly understand delegation arrangements in place, and the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. We note that the Company had not signed any formal letter of appointment with Ms. Shi Qiu Yu when she joined the Company as a non-executive Director between 16 October 2014 and 29 January 2015. However, upon her redesignation as an executive Director on 29 January 2015, the Company entered into a service contract with Ms. Shi Qiu Yu.

(x) With respect to Code Provision D.3.1, the terms of reference of the Board or the committee performing the corporate governance functions should cover aspects on the development, monitoring and review of (i) the Company's corporate governance policies and practices; (ii) training and continuous professional development of directors and senior management, (iii) policies and practices relating to compliance of law and regulations and the CG Code; and (iv) code of conduct and compliance manual applicable to employees and directors. We are not aware of any terms of reference of the Board regarding the Company's corporate governance functions during the six months ended 30 June 2015. Upon the recommendation of RSM, the Company established a compliance committee on 5 November 2015 to oversee the Company's corporate governance and compliance functions. After the establishment of the compliance committee, the Company regards that it has complied with Code Provision D.3.1.

(xi) With respect to Code Provision E.1.4, the board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness. We note that the Company might not have a formal written shareholders' communication policy during the six months ended 30 June 2015. Upon the revelation of such deviations, the Company adopted the New IC Procedures on 5 November 2015 which contains written shareholders' communication policy. After the adoption of the New IC Procedures, the Company regards that it has complied with Code Provision E.1.4.

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 also adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by the directors. Because of the delay in publication of this Interim Result and the changes in directorship whether during the six months ended 30 June 2015 and for the subsequent period up to the date of publication of this Interim Result, the Company is no longer in the position to obtain confirmations from all resigned directors as to their compliance of the Model Code. Having made specific enquiry with Mr. Wang Shi Jin, Ms. Shi Qiu Yu, Mr. Zhu Jianqin, Mr. Chen Zheng Xue, Mr. Anson Poon Wai Kong, Mr. Poon Chi-Choy, Sonny, Dr. Tsang Cheung Fat, Mr. Zeng Xiang Di, Mr. Leung Wah, Ms. Lai Sze Ngot and Mr. Charles Liu Kam Man, each of them confirmed that he/she has complied with the Model Code during the six months ended 30 June 2015.

Audit Committee

As at 30 June 2015, the Audit Committee (the "**AC**") comprised the four independent non-executive Directors, namely, Mr. Anson Poon Wai Kong, Dr. Tsang Cheung Fat, Ms. Han Peng and Mr. Poon Chi-Choy, Sonny. One out of four AC members, namely Mr. Anson Poon Wai Kong, possesses recognized professional qualifications in accounting and has wide experience in audit and accounting. As at 30 June 2015, Mr. Anson Poon Wai Kong was the chairman of the AC.

As of the date of this Interim Result, the AC comprises of three independent non-executive Directors, namely, Mr. Anson Poon Wai Kong, Mr. Poon Chi-Choy, Sonny and Mr. Zhang Xiaofei. One out of three AC members, namely Mr. Anson Poon Wai Kong, possesses recognized professional qualifications in accounting and has wide experience in audit and accounting. As of the date of this Interim Result, Mr. Anson Poon Wai Kong is the chairman of AC.

No former partner of the Company's existing auditing firm acted as a member of the AC within one year from ceasing to be a partner or having any financial interest in the auditing firm.

The AC was delegated with the authority of the Board of the Company to investigate any activity within its terms of reference. The primary function of the AC is to review and supervise the Group's financial reporting process and internal controls. The AC has also reviewed arrangements to enable employees of the Group to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure proper arrangements that in place for fair and independent investigation and follow up actions. The full terms of reference of the AC are available on the Company's website: www.tatchun.com and the website of the Stock Exchange: www.hkexnews.hk.

The Group's unaudited financial statements for the six months ended 30 June 2015 have been reviewed by the AC, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the websites of The Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.tatchun.com). The interim report of the Company for the six months ended 30 June 2015 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available for review on the aforesaid websites in due course.

By Order of the Board of
TC Orient Lighting Holdings Limited
CHEN YONGSEN
Chairman

Hong Kong, 23 March 2016

As at the date hereof, the executive Directors are Mr. Chen Yongsen (Chairman), Mr. Wang Shi Jin (Chief Executive Officer), Mr. Zhu Jianqin, Mr. Chen Zheng Xue, Ms. Shi Qiu Yu, Mr. Chen Hua and Mr. Wong Wing Choi; and the independent non-executive Directors are Mr. Anson Poon Wai Kong, Mr. Poon Chi-Choy, Sonny, Mr. Zhang Xiaofei and Mr. Ye Ji Li.