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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)

ANNOUNCEMENT

**OPEN OFFER OF NOT LESS THAN 265,369,901 AND
NOT MORE THAN 278,411,834 OFFER SHARES
ON THE BASIS OF ONE (1) OFFER SHARE
FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE
AT THE SUBSCRIPTION PRICE OF HK\$0.10 PER OFFER SHARE**

Underwriter to the Open Offer



中天證券有限公司
CHINA SKY SECURITIES LIMITED

THE OPEN OFFER

The Company proposes to raise not less than approximately HK\$26,536,000 and not more than approximately HK\$27,841,000 (before expenses) by way of the Open Offer involving the issue of not less than 265,369,901 and not more than 278,411,834 Offer Shares, respectively, at the Subscription Price of HK\$0.10 per Offer Share on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date and payable in full on application.

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Non-Qualifying Shareholders would otherwise have been entitled under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be underwritten by the Underwriter.

The last day of dealings in the Shares on the Stock Exchange on cum-entitlement basis of the Open Offer is Friday, 3 June 2016. The Shares will be dealt in on the Stock Exchange on an ex-entitlement basis of the Open Offer from Monday, 6 June 2016.

To qualify for the Open Offer, a Shareholder (not being a Non-Qualifying Shareholder) must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Tuesday, 7 June 2016.

The register of members of the Company will be closed from Wednesday, 8 June 2016 to Wednesday, 15 June 2016, both days inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during this book closure period. The Record Date for the Open Offer is Wednesday, 15 June 2016. To qualify for the Open Offer, a Shareholder must at the close of business on the Record Date be registered on the register of members of the Company, and must not be a Non-Qualifying Shareholder.

Assuming there is no further issue of new Shares or repurchase of Shares on or before the Record Date, the minimum number of 265,369,901 Offer Shares proposed to be allotted and issued under the Open Offer represent (a) approximately 50.00% of the Company's issued share capital as at the date of this announcement; and (b) approximately 33.33% of the Company's issued share capital as enlarged by the allotment and issue of the 265,369,901 Offer Shares immediately after completion of the Open Offer.

Assuming all the outstanding Share Options are exercised in full on or before the Record Date, the maximum number of 278,411,834 Offer Shares proposed to be allotted and issued under the Open Offer represent (a) approximately 50.00% of the Company's issued share capital as at the date of this announcement as enlarged by the allotment and issue of 26,083,866 new Shares pursuant to the exercise of the subscription rights attached to the Share Options; and (b) approximately 33.33% of the Company's issued share capital as enlarged by the allotment and issue of 26,083,866 new Shares pursuant to the exercise of the subscription rights attached to the Share Options and the 278,411,834 Offer Shares immediately after completion of the Open Offer.

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within twelve-month period immediately preceding this announcement and the Open Offer is fully underwritten by the Underwriter who is not a director, chief executive or substantial shareholder of the Company or an associate of any of them, pursuant to Rules 7.24(5) and 7.26A of the Listing Rules, the Open Offer is not subject to any Shareholders' approval.

The Prospectus Documents containing, among other things, the Prospectus setting out details of the Open Offer and the Application Form will be dispatched to the Qualifying Shareholders, and the Prospectus (without the Application Form) will be dispatched to the Non-Qualifying Shareholders (if any) for their information only, in each case on Thursday, 16 June 2016.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the fulfillment of the conditions of the Open Offer as set out in the Underwriting Agreement and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Monday, 6 June 2016 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or potential investor dealing in Shares up to the date on which all conditions of the Open Offer are fulfilled (which is expected to be on 4:00 p.m. on Monday, 4 July 2016) will bear the risk that the Open Offer does not become unconditional and does not proceed.

Shareholders or potential investors contemplating selling or purchasing Shares are advised to exercise caution when dealing in the Shares and consult their professional advisers if they are in any doubt about their positions.

THE OPEN OFFER

The Company proposes to raise not less than approximately HK\$26,536,000 and not more than approximately HK\$27,841,000 (before expenses) by way of the Open Offer involving the issue of not less than 265,369,901 and not more than 278,411,834 Offer Shares, respectively, at the Subscription Price of HK\$0.10 per Offer Share on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date and payable in full on application.

Set out below are the principal issue statistics of the Open Offer:

Issue statistics

Basis of the Open Offer	:	One (1) Offer Share for every two (2) existing Shares held on the Record Date
Subscription Price	:	HK\$0.10 per Offer Share payable in full on application
Number of existing Shares in issue as at the date of this announcement	:	530,739,803 Shares

Number of outstanding Share Options	:	26,083,866
Number of Offer Shares	:	(a) Not less than 265,369,901 Offer Shares (assuming no Shares being issued or repurchased by the Company on or before the Record Date); and (b) Not more than 278,411,834 Offer Shares (assuming all the outstanding Share Options and Warrants are exercised in full on or before the Record Date)
Aggregate nominal value of the Offer Shares	:	Not less than HK\$26,536,990.10 and not more than HK\$27,841,183.40
Funds to be raised before expenses	:	Not less than approximately HK\$26,536,000 and not more than approximately HK\$27,841,000
Number of Offer Shares underwritten by the Underwriter	:	Not less than 265,369,901 Offer Shares and not more than 278,411,834 Offer Shares. The Open Offer is fully underwritten by the Underwriter.
Number of Shares in issue immediately after completion of the Open Offer	:	Not less than 796,109,704 Shares and not more than 835,235,503 Shares

As at the date of this announcement, the Company has 26,083,866 outstanding Share Options entitling the holders thereof to subscribe for 26,083,866 new Shares pursuant to the terms of the Share Option Scheme. Save for the Share Options, as at the date of this announcement, the Company has no other outstanding derivatives, options, warrants or securities in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming there is no further issue of new Shares or repurchase of Shares on or before the Record Date, the minimum number of 265,369,901 Offer Shares proposed to be allotted and issued under the Open Offer represent (a) approximately 50.00% of the Company's issued share capital as at the date of this announcement; and (b) approximately 33.33% of the Company's issued share capital as enlarged by the allotment and issue of the 265,369,901 Offer Shares immediately after completion of the Open Offer.

Assuming all the outstanding Share Options are exercised in full on or before the Record Date, the maximum number of 278,411,834 Offer Shares proposed to be allotted and issued under the Open Offer represent (a) approximately 50.00% of the Company's issued share capital as at the date of this announcement as enlarged by the allotment and issue of 26,083,866 new Shares pursuant to the exercise of the subscription rights attached to the Share Options; and (b) approximately 33.33% of the Company's issued share capital as enlarged by the allotment and issue of 26,083,866 new Shares pursuant to the exercise of the subscription rights attached to the Share Options and the 278,411,834 Offer Shares immediately after completion of the Open Offer.

Subscription Price

The Subscription Price of HK\$0.10 per Offer Share is payable in full upon application for the Offer Shares under the Open Offer. The Subscription Price represents:

- (1) a discount of approximately 70.15% to the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement and on the Last Trading Day;
- (2) a discount of approximately 70.50% to the average closing price of approximately HK\$0.339 per Share for the five consecutive trading days up to and including the Last Trading Day;
- (3) a discount of approximately 61.09% to the theoretical ex-entitlement price of approximately HK\$0.257 per Share as adjusted for the effects of the Open Offer, based on the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (4) a discount of approximately 81.08% to the audited consolidated net assets per Share of approximately HK\$0.5286 as at 31 December 2015, based on the Company's audited consolidated net assets attributable to owners of the Company of approximately HK\$280,572,000 as at 31 December 2015 and 530,739,803 Shares in issue.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among other things, the prevailing market price and trading liquidity of the Shares. The Directors consider that the Open Offer will enable all Qualifying Shareholders to subscribe for the Offer Shares at the same Subscription Price in proportion to their shareholdings held on the Record Date. In addition, the Subscription Price has been set as a discount to the recent closing prices of the Shares to encourage existing Shareholders to take up their entitlements and to participate in the future development of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the terms of the Open Offer, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net issue price (after deducting the costs and expenses in relation to the Open Offer and the underwriting commission fees) under the Open Offer is expected to be approximately HK\$0.097 per Offer Share.

Qualifying Shareholders

The Company will send (i) the Prospectus Documents and the Application Form to the Qualifying Shareholders; and (ii) the Prospectus, for information only, to the Non-Qualifying Shareholders.

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. To qualify for the Open Offer, a Shareholder must at the close of business on the Record Date be registered on the register of members of the Company, and must not be a Non-Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

To qualify for the Open Offer, a Shareholder (not being a Non-Qualifying Shareholder) must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Tuesday, 7 June 2016.

No trading of nil-paid entitlements

The invitations to apply for the Offer Shares to be made to the Qualifying Shareholders are not transferable or capable of renunciation. There will not be any trading of nil-paid entitlements of the Offer Shares on the Stock Exchange.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 8 June 2016 to Wednesday, 15 June 2016, both days inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during this book closure period. The Record Date for the Open Offer is Wednesday, 15 June 2016.

Overseas Shareholders and Non-Qualifying Shareholders

The Company has no intention to register or file the Prospectus Documents under the applicable securities or equivalent legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries or seek legal advice regarding the feasibility of extending the Open Offer to the Overseas Shareholders (if any). If, based on the enquiries or legal advice, the Board considers that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to the Overseas Shareholders, then the Open Offer will not be extended to such Overseas Shareholders. Further information in this connection will be included in the Prospectus Documents. If any Overseas Shareholders are excluded from the Open Offer, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any Application Forms to them.

Overseas Shareholders should note that they may or may not be eligible to take part in the Open Offer. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, shall rank pari passu in all respects with the then existing Shares in issue on the date of allotment and issue of the Offer Shares, including the right to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

No excess application for the Offer Shares

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Non-Qualifying Shareholders would otherwise have been entitled under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be underwritten by the Underwriter.

The Open Offer provides the Qualifying Shareholders with fair and equal opportunity to maintain their respective pro rata shareholding in the Company and to participate in the future development of the Company. After arm's length negotiations with the Underwriter, and taking into account that the additional effort and cost to administer the excess application procedures and the procedures to prevent the abuse of the excess application mechanisms as occurred in the past to other listed issuers, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application for the Offer Shares.

Fractional entitlements

Fractional entitlements to the Offer Shares, if any, will not be issued to the Qualifying Shareholders but will be rounded down to the nearest whole number of Offer Shares. All fractional entitlements to the Offer Shares created from the said rounding down will be aggregated and underwritten by the Underwriter.

Application for the Offer Shares

The Application Form in respect of the entitlement of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Offer Shares being taken up with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, by the Latest Time for Acceptance.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty, Stock Exchange trading fee and any other applicable fees and charges in Hong Kong.

None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought. Subject to the granting of the listing of, and permission to deal in, the Offer Shares

on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Dealings in the Offer Shares on the Stock Exchange may be settled through CCASS. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Share certificates and refund cheques

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 11 July 2016. If the Open Offer is terminated, refund cheques will be dispatched on or before Monday, 11 July 2016 by ordinary post at the respective Shareholders' own risk.

CONDITIONS OF THE OPEN OFFER

Completion of the Open Offer is conditional upon fulfilment of each of the following conditions:

- (1) all necessary approvals, permits, waivers, consents and all the authorizations, if required, having been obtained for the Open Offer and the issue of the Offer Shares;
- (2) the delivery to the Stock Exchange and filing and registration of all documents relating to the Open Offer required by the applicable laws and the Listing Rules to be filed and/or registered with the Registrar of Companies in Hong Kong or before the Posting Date;
- (3) the posting of the Prospectus Documents to the Qualifying Shareholders and, if required by or in compliance with the Listing Rules, the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Posting Date;
- (4) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Offer Shares in their fully-paid forms by no later than the first day of their dealings on the Stock Exchange;
- (5) compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement;
- (6) compliance with and performance of all the undertakings and obligations of the Underwriter under the Underwriting Agreement; and
- (7) the Underwriting Agreement becoming unconditional and not being terminated by the Underwriter in accordance with the terms thereof.

None of the above conditions can be waived. As at the date of this announcement, none of the conditions has been satisfied. If any of the conditions of the Open Offer is not fulfilled by or at the time and/or date specified therefor (or if no time or date is specified, the time as specified under the Underwriting Agreement, or such other time as may be agreed between the Underwriter and the Company) or shall become incapable of being fulfilled on or before such time, or the Underwriting Agreement is terminated by the Underwriter by written notice to the Company pursuant to the terms of the Underwriting Agreement, then the Open Offer will not proceed.

THE UNDERWRITING ARRANGEMENT

Any Offer Share not taken up by the Qualifying Shareholders will be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement. Set out below are the principal terms of the Underwriting Agreement:

Date:	25 May 2016 (after trading hours)
Issuer:	The Company
Underwriter:	China Sky Securities Limited
Number of Offer Shares to be underwritten by the Underwriter:	Not less than 265,369,901 Offer Shares and not more than 278,411,834 Offer Shares. The Open Offer is fully underwritten by the Underwriter.
Commission:	1.25% of the aggregate Subscription Price in respect of 278,411,834 maximum Offer Shares committed to be underwritten by the Underwriter

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, the Underwriter is not interested in any Shares.

Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers of the untaken Offer Shares, (a) the Underwriter shall not subscribe, for its own account, for such number of the untaken Offer Shares which will result in the shareholding of it and parties acting in concert with it in the Company to exceed 29.9% of the voting rights of the Company upon the completion of the Open Offer; and (b) the Underwriter shall use its best endeavours to ensure that each of the subscribers of the untaken Offer Shares procured by it shall be an Independent Third Party, none of such subscribers, together with any party acting in concert with it, will hold 30% or more of the voting rights of the Company and the public float requirements under the Listing Rules remains to be fulfilled by the Company upon completion of the Open Offer.

The commission rate of 1.25% under the Underwriting Agreement was determined after arm's length negotiations between the Company and the Underwriter by reference to the market rate. The Directors (including the independent non-executive Directors) consider the terms of the Underwriting Agreement including the commission rate to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Board has not received any information or irrevocable undertakings from any of the substantial shareholders of the Company of their intention to take up the Offer Shares to be offered to them under the Open Offer.

Sub-underwriting

Under the Underwriting Agreement, the Underwriter may, in its absolute discretion, appoint any of its affiliates or any other persons to be sub-underwriter(s) for the purposes of arranging the sub-underwriting of the Offer Shares underwritten by the Underwriter provided that all costs and expenses relating to such appointment are borne by the Underwriter.

Rescission and termination of the Underwriting Agreement

The Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing, to terminate its obligations thereunder on the occurrence of certain events. If any time prior to the Latest Time for Termination (provided that for the purposes of the termination clause of the Underwriting Agreement, if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m. on that day):

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially and adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which, in the absolute opinion of the Underwriter, is likely to materially and adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (8) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

then the Underwriter shall be entitled, by notice in writing to the Company served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings by the Company contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter,

Any notice of termination shall be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice in accordance with the above, the Underwriting Agreement shall terminate and the obligations of the parties shall forthwith cease and be null and void and none of the parties shall have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents, each duly certified by two Directors (or by their agents duly authorised in writing) and all other documents required to be attached thereto and otherwise in compliance with the Listing Rules and the Companies Ordinance on or before the Posting Date;
- (2) the posting of the Prospectus Documents to the Qualifying Shareholders and, if required by or in compliance with the Listing Rules, the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Posting Date and in any event not earlier than the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong of the Prospectus Documents;
- (3) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Offer Shares in their fully-paid forms by no later than the first day of their dealings on the Stock Exchange; and
- (4) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof at or before the Latest Time for Termination.

The above conditions are incapable of being waived. As at the date of this announcement, none of the conditions has been satisfied. If the conditions are not fully satisfied by the Latest Time for Termination (or such other date as the Company and the Underwriter may mutually agree in writing) or if the Underwriting Agreement is rescinded or terminated pursuant to the terms thereof, all obligations and liabilities of the parties under the Underwriting Agreement shall forthwith cease and determine and neither party shall have any claim against the other for fees, costs, damages, compensation or otherwise.

EXPECTED TIMETABLE

Set out below is the expected timetable of the Open Offer:

2016

Publication of the Open Offer announcement on the Stock Exchange's website	Wednesday, 25 May
Last day of dealings in Shares on the Stock Exchange on a cum-entitlements basis.....	Friday, 3 June
First day of dealings in Shares on the Stock Exchange on an ex-entitlements basis.....	Monday, 6 June
Latest time for lodging transfers of Shares in order to qualify for the Open Offer.....	4:30 p.m. on Tuesday, 7 June
Register of members closes (both days inclusive).....	Wednesday, 8 June to Wednesday, 15 June
Record Date	Wednesday, 15 June
Register of members re-opens	Thursday, 16 June
Dispatch of the Prospectus Documents	Thursday, 16 June
Latest time for acceptance and payment for the Offer Shares	4:00 p.m. on Thursday, 30 June
Latest time for termination of the Underwriting Agreement by the Underwriter	4:00 p.m. on Monday, 4 July
Announcement of the results of the Open Offer.....	Friday, 8 July
Dispatch of share certificates for fully-paid Offer Shares and refund cheques	Monday, 11 July
Expected first day of dealings in fully-paid Offer Shares on the Stock Exchange	9:00 a.m. on Tuesday, 12 July

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Open Offer set out above and all dates and deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

Effect of bad weather on the Latest Time for Acceptance

If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Thursday, 30 June 2016, being the date of the Latest Time for Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same business day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be postponed to 4:00 p.m. on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Thursday, 30 June 2016, the dates mentioned in the above section headed “Expected timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company immediately before and after completion of the Open Offer:

(a) Assuming none of the Share Options is exercised on or before the Record Date:

	As at the date of this announcement		Immediately after completion of the Open Offer			
			Assuming no Qualifying Shareholders subscribed for their entitlements under the Open Offer		Assuming all Qualifying Shareholders subscribed for their entitlements under the Open Offer	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Able Turbo Enterprises Limited (<i>Note 1</i>)	108,000,000	20.35	108,000,000	13.57	162,000,000	20.35
Places to be procured by the Underwriter	—	—	265,369,901	33.33	—	—
Public Shareholders	<u>422,739,803</u>	<u>79.65</u>	<u>422,739,803</u>	<u>53.10</u>	<u>634,109,704</u>	<u>79.65</u>
Total	<u>530,739,803</u>	<u>100.00</u>	<u>796,109,704</u>	<u>100.00</u>	<u>796,109,704</u>	<u>100.00</u>

Note 1: Able Turbo Enterprises Limited is a company 60.31% owned by Mr. Chen Hua (an executive Director of the Company) and 39.69% owned by Mr. Li Xianggen.

(b) Assuming all of the outstanding Share Options is exercised in full on or before the Record Date:

	As at the date of this announcement		Immediately after completion of the Open Offer			
			Assuming no Qualifying Shareholders subscribed for their entitlements under the Open Offer		Assuming all Qualifying Shareholders subscribed for their entitlements under the Open Offer	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Able Turbo Enterprises Limited (<i>Note 1</i>)	108,000,000	19.40	108,000,000	12.93	162,000,000	19.40
Holder of Share Options	26,083,866	4.68	26,083,866	3.12	39,125,799	4.68
Placees to be procured by the Underwriter	—	—	278,411,834	33.33	—	—
Public Shareholders	422,739,803	75.92	422,739,803	50.62	634,109,704	75.92
Total	<u>556,823,669</u>	<u>100.00</u>	<u>835,235,503</u>	<u>100.00</u>	<u>835,235,503</u>	<u>100.00</u>

EQUITY FUND RAISING ACTIVITY DURING THE PAST 12 MONTHS

The Company had not carried out any equity fund raising exercise in the twelve months period immediately preceding the date of this announcement.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Company is an investment holding company, whose major operating subsidiaries are principally engaged in the manufacturing and trading of light emitting diode (LED) lighting, and single-sided, doubled-sided and multi-layered printed circuit boards (PCBs).

As stated in the Company's annual results announcement dated 15 April 2016, the Group's audited consolidated current assets and current liabilities as at 31 December 2015 were HK\$687,574,000 and HK\$677,758,000, respectively. As at 31 December 2015, the Group's net current assets are only in the amount of HK\$9,816,000.

For the years ended 31 December 2014 and 2015, the Group recorded losses for the year attributable to owners of the Company in the amount of HK\$111,872,000 and HK\$81,225,000, respectively. As stated in the Company's annual results announcement dated 15 April 2016, the PCB industry is experiencing pressure amidst the global economic slowdown and sluggish demand. If the loss-making trend of the Company is to persist this year, the Board is concerned that the Group may run into net current liabilities position during 2016.

As a result of the suspension of trading in the Shares between 24 April 2015 and 15 April 2016 and the investigation into the Financing Transactions (as defined in the Company's announcement dated 30 April 2015), the Company is still striving to regain confidence of banks, customers and suppliers. The Board therefore considers that it is critically important for the Company to maintain a prudent treasury policy by reinforcing the Group's cash and asset position through the Open Offer.

The Company is currently under a tight current assets and liabilities ratio, loss-making position and tight cost-control management. Prior to launching the Open Offer, the Board has explored different fund-raising opportunities with different financiers and is satisfied that the Open Offer and the Underwriting Agreement (with an underwriting commission of 1.25%) appears to be most cost-efficient option to the Company in terms of fund-raising expenses.

The Directors consider that the Open Offer, which is on a fully underwritten basis, will (i) allow the Group to strengthen its financial position without having to incur interest expenses as compared to debt financing; (ii) increase the capital base of the Company for future investment purposes; and (iii) provide an opportunity to all Qualifying Shareholders to subscribe for the Offer Shares at the same Subscription Price in proportion to their shareholdings held on the Record Date. In addition, the Subscription Price has been set as a discount to the recent closing prices of the Shares to encourage existing Shareholders to take up their entitlements and to participate in the future development of the Company in proportion to their shareholdings. Therefore, the Directors consider that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole.

Prior to deciding to launch the Open Offer, the Company's management has explored other means of possible fund-raising, including bank financing, rights issue, open offer with excess application, and placing and has come to the following conclusion:

- (a) Bank borrowing or other forms of debt financing will inevitably incur interest expenses. Assuming that the entire gross proceeds of the Open Offer of not more than approximately HK\$27,841,000 is financed by bank borrowing instead, and assuming the bank can offer the Company at the best lending rate of 5%, the Company will incur interest expenses of approximately HK\$1,392,050 per annum. In comparison, equity financing by way of the Open Offer will enable the Qualifying Shareholders to maintain their pro rata shareholding interests in the Company, and to continue to participate in the future development of the Company without incurring finance cost to the Company or being diluted. Accordingly, the Company is of the view that the Open Offer is a preferred means of fund raising compared with debt financing.
- (b) The Board considers that the procedures for an open offer is simpler and more efficient from the administrative perspective and less time consuming as compared with rights issue. Although a rights issue will allow the Shareholders to trade their nil-paid entitlements in the market in nil-paid form, the Board is of the view that such trading arrangements will increase the administrative work and expenses for the proposed fund raising exercise. The costs of conducting a rights issue are higher than an open offer as a rights issue will incur (i) splitting costs for those who only take up their rights issue entitlement partially; (ii) the fee payable for nil-paid rights trading arrangement; (iii) additional printing costs of share certificates for new Shareholders who purchase nil-paid rights on the market; and (iv) additional professional fees for preparing and reviewing the provisional allotment letters and liaising with the Company's registrar. The workload and expenses relating to Hong Kong branch share registrar and transfer office is dependent upon the number of acceptances in the open offer or rights issue but based on practitioners' experience, the number of acceptances in a rights issue (whereby the right of acceptance is transferable) would be significantly more than an open offer (whereby the right of acceptance is not transferable). While the Company cannot

accurately quantify the increase of workload and hence the extra handling costs for conducting a rights issue as compared to an open offer, based on the Company's enquiries with experienced market practitioner, the Board currently expects that the costs increase associated with a rights issue should be in the range of around HK\$200,000. Given that the gross fund-raising size of the Open Offer is only around HK\$27 million and the Company is currently operated under a tight cost-control approach, the Board considers that the extra costs resulted from a rights issue is not justifiable. In addition, the timetable for a rights issue would be longer to allow for the trading of the nil-paid rights and other related processes, and therefore may expose Shareholders and investors to a longer period of uncertainty and higher market risks as to, for instance, whether the Underwriting Agreement will become unconditional eventually. If any major market fluctuation or international incidents take place during the longer timetable associated with a rights issue and the Open Offer does not proceed for any reason, the Board is uncertain as to whether the Company can identify any suitable fund-raising opportunities with willing underwriters and/or placing agents in the near future to ease the current liabilities position of the Group. Further, since the recent liquidity of the Shares is thin with average daily trading volume of the Shares in May 2016 representing only approximately 0.67%, of the total issued Shares as at the Last Trading Day, there is uncertainty of the existence of an active market to trade the nil-paid rights. In view of the above and the loss-making position of the Company for the year ended 31 December 2015, the Board considers that the Open Offer is more cost-effective and efficient as compared to a rights issue.

- (c) Placing will cause a dilutive effect to the existing shareholders of the Company. In addition, placing are normally conducted on best-effort basis and has less certainty than the underwriting arrangement under the Open Offer.
- (d) If the Company permits excess application, there will be increased workload for the preparation, printing, posting and processing of the excess application forms, extra efforts and costs to be put in place for reviewing documents and monitoring shareholding and application pattern to prevent the abuse of the excess application mechanisms, additional fees charged by professional parties, increased printing costs charged by financial printers, and increased administrative costs charged by share registrar. While the Company cannot accurately quantify the increase of workload and hence the extra handling costs for handling excess applications, based on the Company's enquiries with experienced market practitioner, the Board currently expects that the costs increase associated excess application should be in the range of around HK\$200,000. Given that the gross fund-raising size of the Open Offer is only around HK\$27 million and the Company is currently operated under a tight cost-control approach, the Board considers that the extra costs resulted from excess application is not justifiable. Further, the Board considers that the absence of excess application will prevent such procedures being abused by Shareholders holding small amount of Shares applying for a large amount of Offer Shares through excess application. Taking into account the fact that the Subscription Price is already set at a discount to the prevailing market price of the Shares which provides reasonable incentives to all Qualifying Shareholders who wish to support the future development of the Company and that all Qualifying Shares already have the first right to decide whether to accept the Open Offer in terms of their assured entitlements which are in proportion to their respective shareholdings held on the Record Date, the Board considers that the benefits of excess

application is outweighed by the additional effort and cost associated with the excess application procedures, that the Open Offer already enables the Qualifying Shareholders to maintain their pro-rata interests in the Company should they so wish by accepting the Open Offer under their respective assured entitlement, and that it is fair and reasonable to conduct the Open Offer without any excess application mechanism.

The gross proceeds of the Open Offer (before expenses) are not less than approximately HK\$26,536,000 and not more than approximately HK\$27,841,000. The net proceeds of the Open Offer (after deducting the costs and expenses in relation to the Open Offer and the underwriting commission fees) are expected to be not less than approximately HK\$25,836,000 and not more than approximately HK\$27,141,000.

The Company intends to apply the net proceeds from the Open Offer for settlement of the Group's current liabilities as they fall due.

ADJUSTMENTS TO SHARE OPTIONS

As a result of the Open Offer, there may be certain adjustments to the exercise prices and numbers of the outstanding Share Options pursuant to the relevant terms of the Share Option Scheme. Pursuant to the terms of the Share Option Scheme, the final results of adjustments (if any) to the exercise prices and numbers of the Share Options are subject to certification by an independent financial adviser to be appointed by the Company or the auditors for the time being of the Company. Further details of relating to the adjustments (if any) to the exercise prices and numbers of the Share Options will be disclosed by the Company in further announcement(s) as and when appropriate.

GENERAL

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within twelve-month period immediately preceding this announcement and the Open Offer is fully underwritten by the Underwriter who is not a director, chief executive or substantial shareholder of the Company or an associate of any of them, pursuant to Rules 7.24(5) and 7.26A of the Listing Rules, the Open Offer is not subject to any Shareholders' approval.

The Prospectus Documents containing, among other things, the Prospectus setting out details of the Open Offer and the Application Form will be dispatched to the Qualifying Shareholders, and the Prospectus (without the Application Form) will be dispatched to the Non-Qualifying Shareholders (if any) for their information only, in each case on Thursday, 16 June 2016.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the fulfillment of the conditions of the Open Offer as set out in the Underwriting Agreement and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Monday, 6 June 2016 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or potential investor dealing in Shares up to the date on which all conditions of the Open Offer are fulfilled (which is expected to be on 4:00 p.m. on Monday, 4 July 2016) will bear the risk that the Open Offer does not become unconditional and does not proceed.

Shareholders or potential investors contemplating selling or purchasing Shares are advised to exercise caution when dealing in the Shares and consult their professional advisers if they are in any doubt about their positions.

DEFINITION

In this announcement, unless the content otherwise requires, words and expressions used herein shall have the meanings ascribed to each of them below:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Application Form”	the form of application dispatched by the Company simultaneously with the Prospectus for use by the Qualifying Shareholders to apply for the Offer Shares
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“business day”	any day (other than a Saturday or Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Company”	TC Orient Lighting Holdings Limited (stock code: 515), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“Last Trading Day”	Wednesday, 25 May 2016, being the last trading day of the Shares on the Stock Exchange prior to the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 30 June 2016 or such other date and/or time as may be mutually agreed between the Company and the Underwriter, being the latest time for acceptance of the application and payment for the Offer Shares
“Latest Time for Termination”	4:00 p.m. on the next business day after the Latest Time for Acceptance or such later time or date as may be mutually agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	the Listing Committee of Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange
“Non-Qualifying Shareholders”	the Overseas Shareholders whom the Board, after making enquiries regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant overseas regulatory bodies or stock exchanges, considers it necessary or expedient to exclude them from the Open Offer
“Offer Shares”	not less than 265,369,901 Offer Shares and not more than 278,411,834 Offer Shares to be allotted and issued under the Open Offer

“Open Offer”	the proposed issued of Offer Shares by the Company on the basis of one (1) Offer Share for every two (2) existing Shares at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Shareholders”	the Shareholders with registered addresses in the register of members of the Company as at the close of business on the Record Date which are outside Hong Kong
“Posting Date”	Thursday, 16 June 2016 or such later date as may be agreed between the Underwriter and the Company, being the date for the dispatch of the Prospectus Documents
“Prospectus”	a prospectus containing details of the Open Offer to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	collectively, the Prospectus and the Application Form
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Wednesday, 15 June 2016 or such other date as may be agreed between the Company and the Underwriter, being the date for the determination of the entitlements under the Open Offer
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share Option Scheme”	the share option scheme of the Company adopted on 5 June 2006
“Share Option(s)”	the share option(s) granted under the Share Option Scheme
“Shares”	existing shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.10 per Offer Share, being the subscription price of the Offer Shares under the Open Offer
“substantial shareholders”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers

“Underwriter”	China Sky Securities Limited, a licensed corporation to carry on type 1 (Dealing in Securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 25 May 2016 (after trading hours) and entered into between the Company and the Underwriter in relation to the Open Offer
“%”	per cent.

By order of the Board
TC Orient Lighting Holdings Limited
Chen Yongsen
Chairman

Hong Kong, 25 May 2016

As at the date hereof, the executive Directors are Mr. Chen Yongsen (Chairman), Mr. Wang Shi Jin (Chief Executive Officer), 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.