



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)

Stock code : 515

INTERIM REPORT 2017

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF TC ORIENT LIGHTING HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 4 to 24, which comprises the condensed consolidated statement of financial position of TC Orient Lighting Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules") require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the interim financial information, which indicates that the Group incurred a loss of approximately HK\$13,927,000 during the six-month period ended 30 June 2017 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$89,000. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Wong Sze Wai, Basilia

Practising Certificate Number: P05806

Hong Kong, 29 August 2017

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 2017. These interim condensed consolidated financial statements were not audited, but have been reviewed by HLB Hodgson Impey Cheng Limited, the Group's external auditors, and the Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Turnover	3	316,708	187,940
Cost of sales		(284,947)	(175,396)
Gross profit		31,761	12,544
Other income		12,423	8,623
Other gains and losses		454	(3,860)
Selling and distribution expenses		(10,563)	(13,709)
Administrative expenses		(28,829)	(43,282)
Finance costs		(13,794)	(5,112)
Loss before tax		(8,548)	(44,796)
Income tax expense	4	(5,379)	(222)
Loss for the period	5	(13,927)	(45,018)
Other comprehensive income/(expense):			
<i>Items that will not be reclassified to profit or loss:</i>			
Deficit on revaluation of properties		(505)	–
Deferred tax liabilities arising from revaluation of properties		126	–
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		1,779	2,271
Total comprehensive expense for the period		(12,527)	(42,747)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		(19,764)	(44,735)
Non-controlling interests		5,837	(283)
		(13,927)	(45,018)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(18,588)	(42,425)
Non-controlling interests		6,061	(322)
		(12,527)	(42,747)
Loss per share (HK cents)			
— Basic and diluted	7	(1.92)	(6.79)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	175,790	186,578
Prepaid lease payments			
— non-current portion		31,005	31,463
Interest in associates		24,404	24,404
Trade receivables with extended credit terms	9(a)	36,605	41,998
		267,804	284,443
Current assets			
Inventories		67,154	70,523
Prepaid lease payments — current portion		915	915
Trade and other receivables	9(a)	502,438	415,171
Bills receivable	9(b)	95	4,528
Pledged bank deposits		39,164	79,051
Bank balances, deposits and cash		37,829	67,761
		647,595	637,949
Current liabilities			
Trade and other payables	10(a)	394,815	352,692
Bills payable	10(b)	39,164	80,541
Taxation payable		80,220	75,098
Bank borrowings — due within one year	11	133,372	133,468
Obligations under finance leases			
— due within one year		113	225
		647,684	642,024
Net current liabilities		(89)	(4,075)
Total assets less current liabilities		267,715	280,368

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2017

	Notes	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Non-current liabilities			
Deferred taxation		14,877	15,003
		14,877	15,003
Net assets			
		252,838	265,365
Capital and reserves			
Share capital	12	102,964	102,964
Reserves		143,953	162,541
Equity attributable to owners of the Company		246,917	265,505
Non-controlling interests		5,921	(140)
Total equity		252,838	265,365

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	The people's Republic of China (the "PRC") statutory reserve HK\$'000	Special reserve HK\$'000	Share option reserve HK\$'000	Capital contribution reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2016 (audited)	53,074	517,553	470	48,282	15,003	1,156	26,653	1,893	10,614	(394,126)	280,572	4,923	295,495
Loss for the period	-	-	-	-	-	-	-	-	-	(44,735)	(44,735)	(283)	(45,018)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	2,310	-	2,310	(39)	2,271
Total comprehensive income / (expense) for the period	-	-	-	-	-	-	-	-	2,310	(44,735)	(42,425)	(322)	(42,747)
Issue of shares upon subscription of new shares	10,615	10,403	-	-	-	-	-	-	-	-	21,018	-	21,018
Transaction cost of issue of share upon subscription of new shares	-	(38)	-	-	-	-	-	-	-	-	(38)	-	(38)
Lapsed / forfeited of the share option	-	-	-	-	-	-	(76)	-	-	76	-	-	-
At 30 June 2016 (unaudited)	63,689	527,918	470	48,282	15,003	1,156	26,577	1,893	12,924	(438,765)	259,127	4,601	263,728

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2017

	Share capital	Share premium	Capital redemption reserve	Property revaluation reserve	The people's Republic of China (the "PRC") statutory reserve	Special reserve	Share option reserve	Capital contribution reserve	Exchange reserve	Accumulated Losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017 (audited)	102,964	539,088	470	43,095	15,003	1,156	22,036	1,893	18,345	(478,545)	265,505	(140)	265,365
Loss for the period	-	-	-	-	-	-	-	-	-	(19,764)	(19,764)	5,837	(13,927)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	1,555	-	1,555	224	1,779
Deficit on revaluation of properties	-	-	-	(605)	-	-	-	-	-	-	(605)	-	(605)
Deferred tax liabilities arising from revaluation of properties	-	-	-	126	-	-	-	-	-	-	126	-	126
Total comprehensive expense for the period	-	-	-	(379)	-	-	-	-	1,555	(19,764)	(18,588)	6,061	(12,527)
Transfer to PRC statutory reserve	-	-	-	-	1,895	-	-	-	-	(1,895)	-	-	-
At 30 June 2017 (unaudited)	102,964	539,088	470	42,716	16,898	1,156	22,036	1,893	19,300	(500,204)	(246,917)	5,921	252,838

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Net cash (outflow)/inflow from operating activities	(57,335)	11,038
Net cash generated from/(used in) investing activities:		
Withdrawal of pledged bank deposits	96,833	92,390
Placement of pledged bank deposits	(56,946)	(94,587)
Purchase of property, plant and equipment	(1,000)	(96)
Other investing cash flows	739	1,315
	39,626	(978)
Net cash (used in)/generated from financing activities:		
Bank borrowings raised	133,372	141,202
Repayment of bank borrowings	(133,468)	(121,657)
Interest paid	(13,794)	(5,112)
Repayment of obligations under finance leases	(112)	(185)
Net proceeds from issue of shares upon subscriptions of new shares	–	20,980
	(14,002)	35,228
Net (decrease)/increase in cash and cash equivalents	(31,711)	45,288
Cash and cash equivalents at 1 January	67,761	43,789
Effect of foreign exchange rate changes	1,779	2,271
Cash and cash equivalents at 30 June, represented by bank balances, deposits and cash	37,829	91,348

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

(a) Statement of compliance

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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 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.

(b) Basis of preparation of Interim Financial Statements

Going concern basis

The Group incurred a loss of approximately HK\$13,927,000 during the six-month period ended 30 June 2017 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$89,000. In preparing the Interim Financial Statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors adopted the going concern basis for the preparation of the Interim Financial Statement and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group.

(1) Renewal for bank borrowings

As of 30 June 2017, the total outstanding amount of bank borrowings of the Group was approximately HK\$133,372,000 and due for repayment by 30 June 2018. The Group is in the process of negotiating with those lenders for potential renewal or extension of these outstanding amounts.

1. BASIS OF PREPARATION (CONTINUED)

(2) Attainment of profitable and positive cash flow operations

The Group is taking measures to tighten cost controls over various costs and expenses and to seek new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

(3) Necessary facilities

The Group is in the process of negotiating with its bankers to secure necessary facilities to meet the Group's working capital and financial requirements in the near future.

In the opinion of the Directors, in light of the various measures or arrangements implemented after the end of reporting period together with the expected results of the other measures, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the Interim Financial Statements.

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.

The Group has adopted the following revised Hong Kong Financial Reporting Standards ("HKFRSS")(which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Interim Financial Statements.

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealized Losses

The adoption of the revised HKFRSSs has had no significant financial effect on these Interim Financial Statements and there have been no significant changes to the accounting policies applied in these Interim Financial Statements.

3. SEGMENT INFORMATION

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

	For the six months ended	
	30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Segment turnover — external sales		
Manufacturing and trading of single-sided printed circuit boards ("PCB") ("Single-sided PCB")	55,325	44,167
Manufacturing and trading of double-sided PCB ("Double-sided PCB")	83,791	70,214
Manufacturing and trading of multi-layered PCB ("Multi-layered PCB")	57,680	56,879
Manufacturing and trading of light emitting diode ("LED") lighting ("LED lighting")	–	16,680
Tradings of tower and electric cable	119,912	–
Total	316,708	187,940
Segment profit/(loss)		
Single-sided PCB	(4,163)	(7,862)
Double-sided PCB	(6,305)	(12,498)
Multi-layered PCB	(4,340)	(10,125)
LED lighting	(1,462)	(10,304)
Tradings of tower and electric cable	21,304	–
	5,034	(40,789)
Other income	915	1,716
Central administrative costs	(703)	(611)
Finance costs	(13,794)	(5,112)
Loss before tax	(8,548)	(44,796)

Segment profit/(loss) represents the profit/(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) 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	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Current tax:		
Hong Kong Profit Tax	914	–
PRC Enterprise Income Tax (“EIT”)	4,465	222
	5,379	222

Hong Kong Profits Tax is calculated at 16.5% for each of the assessable profits for the period ended 30 June 2017.

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	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Directors' emoluments	2,812	3,098
Other staff costs	46,758	59,378
Total staff costs	49,570	62,476
Amortisation of prepaid lease payments	458	308
Depreciation of property, plant and equipment	11,096	13,039
Imputed interest income on trade receivables with extended credit terms (included in other income)	(2,421)	(2,112)
Interest income on bank deposits and bank balances (included in other income)	(739)	(1,315)
Sales of scrap materials (included in other income)	(7,605)	(4,723)
Government grants (note)	(126)	(155)

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 2016: 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 owners of the Company is based on the following data:

	For the six months ended	
	2017	2016
	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	(19,764)	(44,735)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for		
the purposes of basic and diluted loss per share	1,029,638	658,908

The calculation of the diluted loss per share for the periods ended 30 June 2017 and 2016 did not assume the exercise of the Company's outstanding share options as the effect is anti-dilutive.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

The Group's buildings classified as property, plant and equipment were revalued by Roma Appraisals Limited, an independent qualified professional valuer not connected with the Group. The buildings were revalued at depreciated replacement cost approach. The resulting deficit on revaluation of HK\$505,000 was recognised to the property revaluation reserve during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

During the six months ended 30 June 2017, the Group paid HK\$1,000,000 (six months ended 30 June 2016: HK\$96,000) on acquisition of property, plant and equipment.

9. TRADE, BILLS AND OTHER RECEIVABLES

(a) Trade and other receivables

Included in trade and other receivables was trade receivables of approximately HK\$399,165,000 (31 December 2016: HK\$308,369,000) as follows:

	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade receivables with normal credit terms	282,353	176,985
Less: Allowance for doubtful debts	(1,473)	(1,473)
	280,880	175,512
Trade receivables with extended credit terms	136,139	152,194
Less: Allowance for doubtful debts	(17,854)	(19,337)
	118,285	132,857
Total trade receivables, net of allowance for doubtful debts	399,165	308,369
Less: Non-current portion of trade receivables with extended credit terms	(36,605)	(41,998)
Current portion of trade receivables	362,560	266,371

The Group generally allows an average credit period of 30 days to 180 days to its trade on PCB customers and tradings of towers and electric cable customers with normal credit terms and credit period ranging from one year to ten years to its trade LED lighting customers with extended credit terms which is based on the contractual repayment schedule. The following is an aging 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	31 December	30 June	31 December	30 June	31 December
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
0-30 days	-	-	41,082	68,418	41,082	68,418
31-60 days	-	-	37,651	41,191	37,651	41,191
61-90 days	-	-	30,381	26,341	30,381	26,341
91-180 days	-	-	154,381	31,586	154,381	31,586
Over 180 days	118,285	132,857	17,385	7,976	135,670	140,833
	118,285	132,857	280,880	175,512	399,165	308,369

9. TRADE, BILLS AND OTHER RECEIVABLES (CONTINUED)

(b) Bills Receivable

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

	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0-30 days	-	109
31-60 days	-	454
61-90 days	-	3,965
91-180 days	95	-
Over 180 days	-	-
	95	4,528

- (c) At the end of the reporting period, included in the Group's other receivables is an amount of HK\$17,079,000 licensing income receivable (31 December 2016: HK\$10,019,000) from Orient Opto-Semiconductors Corp. ("Dongfang"), a non-controlling interest of TC Orient Lighting (Shenzhen) Limited (達進東方照明(深圳)有限公司), a PRC subsidiary of the Company and is controlled by Mr. Zhu Jianqin, who was a Director of the Company and resigned on 29 April 2016. Amounts are unsecured, interest-free and repayable on demand.

10. TRADE, BILLS AND OTHER PAYABLES

(a) Trade and other payables

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

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
0-30 days	19,958	25,889
31-60 days	16,974	28,524
61-90 days	21,561	13,211
91-180 days	30,930	33,287
Over 180 days	53,553	40,575
	142,976	141,486
Other payables (note)	226,459	190,849
Accrued salaries and other accrued charges	25,380	20,357
	394,815	352,692

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.

Note: At the end of interim period, including in the Group's other payable is an amount of HK\$97,999,000 (31 December 2016: HK\$109,915,000) loan from Shenzhen Qianhai Dahuangyuan Financing Leasing Company Limited in interest rate range from 8% to 19.1% and repaid in accordance with the terms of the loan agreements. During the interim period ended 30 June 2017, HK\$8,837,000 (six months ended 30 June 2016: nil) interest were recognised in the finance cost of consolidated statements of profit or loss.

(b) Bills payable

The aging analysis of bills payable is as follows:

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
0-30 days	8,385	8,463
31-60 days	13,519	13,006
61-90 days	3,677	30,131
91-180 days	13,583	28,941
	39,164	80,541

11. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to HK\$133,372,000 (six months ended 30 June 2016: HK\$141,202,000) which were secured by the assets of the Group as disclosed in note 15. The new loans bear fixed interest at rate from 2.16% to 4.79% per annum, the effective interest rate for fixed interest rate were 4.46% (six months ended 30 June 2016: 4.32%) per annum. The proceeds are used to finance the operations of the Group.

12. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 31 December 2016 and 30 June 2017	4,000,000	4,000,000
Issued and fully paid:		
At 31 December 2016 and 30 June 2017	102,964	102,964

13. SHARE OPTION SCHEME

The Company's new share option scheme was adopted on 19 August 2016 for the purpose of providing incentives to directors, employees, consultants and advisers of the Company or the Group and to promote the success of the business of the Group.

No share options were granted or exercised during both interim periods.

During the current interim period, no (six months ended 30 June 2016: 108,000) share options lapsed or were forfeited.

14. CAPITAL COMMITMENTS

At 30 June 2017, the Group has no commitment (as at 31 December 2016: Nil) in respect of the acquisition of property, plant and equipment contracted for but not provided in the Interim Financial Statements.

15. PLEDGE 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	31 December
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Buildings	127,306	129,778
Plant and machinery	8,735	–
Pledged bank deposits	39,164	79,051
Prepaid lease payments	18,536	18,843
Bills receivables	–	1,544
	193,741	229,216

16. RELATED PARTY DISCLOSURES

Save as disclosed elsewhere in this interim Financial Statement, the Group entered the following material related party transactions:

(i) Compensation of key management personnel

The remuneration of key management for the Group (representing directors) during the period under review are set out as follows:

	For the six months ended	
	30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	2,755	3,050
Post-employment benefits	57	48
	2,812	3,098

(ii) Related party transactions

Details of the Group's outstanding balances with related parties are set out on the Interim Financial Information in note 9(c).

17. LITIGATION

The Company was informed by its legal advisers that a writ of summons dated 10 May 2016 under Hong Kong High Court Action No. 1228/2016 (the "Legal Action") was filed by Mr. Li Jian Chao ("Mr. Li") seeking to claim from the Company an alleged outstanding special bonus payment in the amount of HK\$1,640,000. Mr. Li was formerly the chief executive officer and executive director the Company before he resigned on 5 June 2015.

On 12 July 2016, the Company filed a defence and counterclaim against Mr. Li (the "Counterclaim"), whereby the Company denied (*inter alia*) that Mr. Li is entitled to the alleged amount and counterclaimed from Mr. Li (*inter alia*) a total sum of HK\$5,224,000, being wrongful receipts by Mr. Li based on certain invalid resolutions purportedly passed by the Board between 31 December 2014 and 4 June 2015, and/or damages for breach of fiduciary duties by Mr. Li when he was a director of the Company between 1 September 2014 and 5 June 2015.

The Company will continue to uphold its rights in the Legal Action and the Counterclaim. In the meantime, the Board considers that the Legal Action and the Counterclaim are unlikely to result in any material adverse effect to the Company's operations or financial position.

Further details relating to the Legal Action and Counterclaim are more particularly set out in the Company's announcements dated 13 May and 14 July 2016.

18. EVENT AFTER THE END OF THE REPORTING PERIOD

As announced by the Company on 26 September 2016, the Company and 17 CB Subscribers (including OEIL) entered into the CB Subscription Agreements in relation to the issue of convertible bonds of the Company in an aggregate principal amount of HK\$285,000,000. The initial conversion price was HK\$0.10 per conversion share. The subscription of the convertible bonds are subject to, *inter alia*, the grant of whitewash waiver and independent shareholders' approval at the general meeting. On 30 June 2017 and 21 July 2017, respectively, the Company and the CB Subscribers mutually consented in writing to terminate the CB Subscription Agreements, discharging each other from all obligations thereunder. Accordingly, OEIL has withdrawn its application for the Whitewash Waiver.

MANAGEMENT DISCUSSION AND ANALYSIS

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) and trading of tower and electric cable. The breakdown of turnover based on products is summarised as follows:

	For the six months ended 30 June					
	2017 HK\$'000	%	2016 HK\$'000	%	Increase/ (decrease) HK\$'000	Change in %
LED lighting	–	–	16,680	1.0	(16,680)	(100.0)
Single-sided PCB	55,325	17.5	44,167	31.3	11,158	25.3
Double-sided PCB	83,791	26.4	70,214	36.0	13,577	19.3
Multi-layered PCB	57,680	18.2	56,879	31.7	801	1.4
Trading of tower and electric cable	119,912	37.9	–	–	119,912	100.0
Total	316,708	100.0	187,940	100.0	128,768	68.5

Revenue from LED lighting business for the six months ended 30 June 2017 was nil.

The three categories of PCB products are mainly applied in consumer electronics, computers and computer peripherals, and communications equipment. During the period, single and double-sided PCB's used for consumer electronics accounted for approximately 43.9% of the Group's turnover. High-end multi-layered PCBs were also a core product of the Group, accounting for 18.2% of turnover.

Since second half year of 2016, the Group has participated in the trading of tower and electric cable business in PRC. For the six months period ended 30 June 2017, this business sector has generated revenue amounted HK\$119,912,000.

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

	For the six months ended 30 June					
	2017 HK\$'000	%	2016 HK\$'000	%	Increase/ (decrease) HK\$'000	Change in %
Hong Kong	30,307	9.6	40,424	21.5	(10,117)	(25.0)
The PRC	253,646	80.1	100,310	53.4	153,336	152.9
Asia (Excluding Hong Kong and the PRC)	6,206	2.0	18,702	10.0	(12,496)	(66.8)
Europe	23,849	7.5	23,009	12.2	840	3.7
Others	2,700	0.8	5,495	2.9	(2,795)	(50.9)
Total	316,708	100.0	187,940	100.0	128,768	68.5

During the period under review, revenue largely increased mainly due to the increase of revenue generated by the new segment of tradings of tower and electric cable.

FINANCIAL REVIEW

For the period under review, the Group's turnover amounted to approximately HK\$316.7 million, representing an increase of 68.5% as compared to approximately HK\$187.9 million for the corresponding period last year. The gross profit margin for the six months ended 30 June 2017 was 10.0%. The gross profit margins for PCBs and Tower and electric cable were 1.0% and 24.8% respectively.

The turnover for manufacturing and tradings of PCBs has increased but gross profit margin decreased, mainly attributable to (i) more severe competition in PCB industry; and (ii) reduction in average selling price of PCBs.

To leverage on existing customer network and experience in manufacturing and trading in China and overseas, we started tower and electric cable business in second half 2016. In this new segment, we sourced raw materials from local and overseas market to supply to a manufacturer of electric tower and cable manufacturer. Although the initial performance of this new segment is promising, the revenue for this segment was so far contributed by a single customer. As such, the management anticipates that it takes time for the Group to expand and diversify its source and clientele to establish a sustainable business model for the new segment.

Loss attributable to shareholders was approximately HK\$19.8 million (2016: HK\$44.7 million).

The PCB business has been the Group's main source of income for many years. During the first half of 2017, the Group was unable to secure more purchase orders from new and existing customers for higher-end and precision PCB products notwithstanding the increase in market demand of PCB products for LED and automobile industries. The principal reason for the Group's failure in obtaining more PCB orders from customers is the lack of capital for upgrading the Group's equipment and machinery to enhance precision, speed and quality and to bring in line with the new industry standard of robotic automation and artificial intelligence. The current situation is that the Company is lacking sufficient budget to invest on new and additional machinery. If the issue of lacking investment budget persists, the Board was concerned that the loss-making trend of the Company may not be reversed easily in the near future.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2017, the Group had total assets of approximately HK\$915.4 million (31 December 2016: HK\$922.4 million) and interest-bearing borrowings of approximately HK\$231.4 million (31 December 2016: HK\$243.4 million), representing a gearing ratio (defined as interest-bearing borrowings over total assets) of approximately 25.3% (31 December 2016: 26.4%).

The Group had net current liabilities of approximately HK\$89,000 (31 December 2016: HK\$4.1 million) consisted of current assets of approximately HK\$647.6 million (31 December 2016: HK\$637.9 million) and current liabilities of approximately HK\$647.7 million (31 December 2016: HK\$642.0 million), representing a current ratio of approximately 1.0 (31 December 2016: 0.99).

As at 30 June 2017, the Group had cash and bank balances (including pledged bank deposits) of approximately HK\$77.0 million (31 December 2016: HK\$146.8 million). As at 30 June 2017, the Group had bank balances, deposit and cash of approximately HK\$37.8 million (31 December 2016: HK\$67.8 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 2017 (30 June 2016: Nil).

HUMAN RESOURCES

As at 30 June 2017, the Group employed a total of approximately 1,209 employees (31 December 2016: 1,322), including approximately 1,162 employees in its Zhongshan production site, 28 employees in its PRC LED business units and approximately 19 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.

FUND RAISING ACTIVITIES

SUBSCRIPTIONS OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE AND APPLICATION FOR WHITEWASH WAIVER

As announced by the Company on 26 September 2016, the Company and 17 CB Subscribers (including OEIL) entered into the CB Subscription Agreements in relation to the issue of convertible bonds of the Company in an aggregate principal amount of HK\$285,000,000. The initial conversion price was HK\$0.10 per conversion share. The subscription of the convertible bonds are subject to, *inter alia*, the grant of whitewash waiver and independent shareholders' approval at the general meeting. On 30 June 2017 and 21 July 2017, respectively, the Company and the CB Subscribers mutually consented in writing to terminate the CB Subscription Agreements, discharging each other from all obligations thereunder. Accordingly, OEIL has withdrawn its application for the Whitewash Waiver.

OUTLOOK

The Board considers that it is vital and necessary for the Group to dedicate more efforts on the research and development with the view to achieving product upgrade. The Group has paid high attention to develop high value added PCB products, particularly the copper-based PCB engaged in clean and environmental friendly applications. However, due to the lack of sufficient budget to support the investment on new machinery, the schedule for introducing new corporate customers in the copper-based PCB sector has lagged behind.

Regarding the LED segment, the Group intends to focus on credit management and to optimize the trade receivable collection. The Group intends to pursue only after profitable street light projects in the PRC with shorter receivable cycle.

CHARGE OF ASSETS

Details of the charge of assets are set out in note 15 to the financial statements.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, the interests or short positions of the directors and chief executives and their associates in the shares, underlying shares and debenture of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Interest in shares:

Names of Directors	Capacity	Number of Shares held (long position)	Percentage of issued share capital
Wang Shi Jin (Note 1)	Other	128,262,303	24.17%
Chen Hua	Interest in controlled corporation (Note 2)	162,000,000	15.73%

Note 1: Based on the information provided by Mr. Wang Shi Jin, on 20 May 2015, he obtained a stop notice from the High Court of Hong Kong (HCSN 5 of 2015) to stop the transfer of 128,262,303 shares of and in the Company (the "Restrained Shares"), those Restrained Shares being registered in the name of Propitious Group Limited as of 20 May 2015 and representing 24.17% of the issued share capital of the Company as of 20 May 2015.

Note 2: Based on the disclosure of Interest ("DI") filings made by the relevant person, these 108,000,000 Shares were held by Able Turbo Enterprises Limited ("Able Turbo"), which is a company 60.31% owned by Mr. Chen Hua (a director of the Company since 29 February 2015) and 39.69% owned by Mr. Li Xiangen.

Other than disclosed above, none of the directors and chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2017.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, the following person (other than a director or chief executive of the Company) had an interest or short position in the shares and underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Interest in shares:

Name of Shareholders	Capacity	Number of shares held (long position)	Percentage of issued share capital
Propitious Group Limited (Note 1)	Beneficial Owner	128,262,303	24.17%
Chen Jing (Note 1)	Beneficial owner and interest in controlled corporation	132,162,303	24.90%
Able Turbo Enterprises Limited (Note 2)	Beneficial Owner	162,000,000	15.73%
Li Xiangen (Note 3)	Interest in controlled corporation	162,000,000	15.73%

Note 1: Based on the disclosure of interest ("DI") filing made by the relevant person(s), Chen Jing was interested in 132,162,303 shares, comprising (a) 128,262,303 shares held by his controlled corporation, Propitious Group Limited ("PGL") (100% owned by Chen Jing); and (b) 3,900,000 share options held by him personally.

Chen Jing was an ex-director and the ex-Chairman of the Company who resigned on 5 June 2015. According to the terms of the Company's employee share option scheme adopted on 5 June 2006, the 3,900,000 share options held by Chen Jing should have lapsed on 5 September 2015. In addition, based on the information provided by Mr. Chen Hua, PGL should have disposed of all its 128,262,303 shares in July 2015, as the 108,000,000 shares held by Able Turbo were purportedly the same block of shares previously owned by PGL. However, up to the date of this report, the Company did not notice any DI filings made by the relevant person(s) to reflect these possible changes. The Company is unable to verify the above possible changes with either Chen Jing or PGL.

Note 2: Based on the DI filing made by relevant person, these 108,000,000 Shares were held by Able Turbo Enterprises Limited, which is a company 60.31% owned by Mr. Chen Hua and 39.69% owned by Mr. Li Xiangen.

Note 3: Based on DI filing made by the relevant person, these 162,000,000 Shares were held by Able Turbo Enterprise Limited, which is a company 60.31% owned by Mr. Chen Hua and 39.69% owned by Mr. Li Xiangen.

Other than disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2017

SHARE OPTION SCHEMES

Old Share Option Scheme

The share option scheme of the Company which was adopted on 5 June 2006 (the "Old Share Option Scheme") had a life span of ten years and was due to expire on 4 June 2016. Upon expiry of the Old Share Option Scheme, no further share option should be granted under the expired scheme but in all other respects the rules of the Old Share Option Scheme remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the rules of the Old Share Option Scheme, and share options which were granted prior to the termination or expiry of the Old Share Option Scheme will continue to be valid and exercisable in accordance with the rules of the Old Share Option Scheme and their terms of issue.

The Old Share Option Scheme expired on 4 June 2016. As disclosed by the Company on 22 July 2016 as a result of the completion of the open offer on 25 July 2016, the exercise price of the share options and the number of Shares to be allotted and issued upon the exercise of the share options granted under the Old Share Option Scheme were adjusted.

Following the adjustment, the number of Shares issuable of the outstanding options under the Old Share Option Scheme became 25,568,875 Shares, representing 2.48% of the issued share capital of the Company on the date of this report.

Grantee	Date of grant	Exercise price per share before	Outstanding	Granted	Reclassification	Exercised	Lapsed/	Outstanding	Exercise	Outstanding	Exercisable period
		25 July 2016	at 1 January 2017	during the period		during the period	Forfeited during the period	at 30 June 2017	price per share since 25 July 2016	at the date of this report	
		HK\$	'000	'000	'000	'000	'000	'000	HK\$	'000	
Consultants	29 November 2010	3.39	1,570	-	-	-	-	1,570	2.81	1,570	(Note 1)
	22 October 2014	1.25	13,093	-	-	-	-	13,093	1.04	13,093	(Note 3)
			14,663	-	-	-	-	14,663		14,663	
Employees	2 September 2011	2.11	5,193	-	-	-	-	5,193	1.75	5,193	(Note 2)
	22 October 2014	1.25	5,713	-	-	-	-	5,713	1.04	5,713	(Note 3)
			10,906	-	-	-	-	10,906		10,906	
Total			25,569	-	-	-	-	25,569		25,569	

Note 1: These options have vested (i) as to 30% on the date of grant; (ii) as to further 30% one year after the date of grant; and (iii) as to the remaining 40% two years after the date of grant. These options will expire on the 10th anniversary after the date of grant.

Note 2: These options have vested (i) as to 25% on 2 March 2012; (ii) as to further 25% on 2 March 2013; (iii) as to further 25% on 2 March 2014; and (iv) as to the remaining 25% on 2 March 2015. These options will expire on the 10th anniversary after the date of grant.

Note 3: Options are exercisable on or after 22 October 2014. These options will expire on the 10th anniversary after the date of grant.

New Share Option Scheme

Following the expiry of the Old Share Option Scheme, the Company adopted a new share option scheme at its extraordinary general meeting held on 19 August 2016 (the "New Share Option Scheme") with a life span of ten years. Under the terms of the New Share Option Scheme, the Board may, at its discretion, grant options to eligible participants to subscribe for Shares.

As at the date of this report, 90,225,766 share options were available for issue under the New Share Option Scheme, representing approximately 10% of the issued share capital of the Company as at the date of passing of the resolution adopting the New Share Option Scheme. Up to the date of this report, no options were granted or outstanding under the New Share Option Scheme.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than the Company's Old Share Option Scheme and New Share Option Scheme disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 17 to the consolidated financial statements, no contracts of significance, to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted for the period ended 30 June 2017 or at any time during the period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2017, 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 2017 to 30 June 2017, except the deviation disclosed in the following paragraph:

- (i) In relation to A.6.7 of the CG Code, independent non-executive directors should attend the annual general meeting of the Company. Mr. Anson Poon Wai Kong, Mr. Li Hongxiang, Mr. Wong Kwok On and Ms. Chen Lei did not attend the annual general meeting of the Company held on 2 June 2017 due to other commitments.

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 Company follows the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct for Directors in their dealings in the Company's securities. All existing directors have confirmed to the Company that they have complied with the Model Code during the six months ended 30 June 2017.

AUDIT COMMITTEE

As at 30 June 2017, the Audit Committee of the Company ("AC") comprised of five independent non-executive Directors, namely, Mr. Anson Poon Wai Kong, Mr. Li Hongxiang, Mr. Wong Kwok On, Mr. Bonathan Wai Ka Cheung and Ms. Chen Lei. One out of five AC members, Mr. Anson Poon Wai Kong possesses recognized professional qualifications in accounting and has wide experience in audit and accounting. As at 30 June 2017, 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 2017 have been reviewed by the Audit Committee, 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.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Chen Yongsen (*Chairman*)
 Mr. Wang Shi Jin (*Chief Executive Officer*)
 Mr. Chen Hua
 Mr. Wong Wing Choi
 (*resigned on 3 April 2017*)
 Mr. Xu Ming
 Mr. Guo Jun Hao
 (*appointed on 10 April 2017*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Anson Poon Wai Kong
 Mr. Li Hongxiang
 Mr. Wong Kwok On
 Mr. Bonathan Wai Ka Cheung
 Ms. Chen Lei

AUDIT COMMITTEE

Mr. Anson Poon Wai Kong
 (*chairman of committee*)
 Mr. Li Hongxiang
 Mr. Wong Kwok On
 Mr. Bonathan Wai Ka Cheung
 Ms. Chen Lei

REMUNERATION COMMITTEE

Mr. Anson Poon Wai Kong
 (*chairman of committee*)
 Mr. Li Hongxiang
 Mr. Bonathan Wai Ka Cheung
 Ms. Chen Lei

NOMINATION COMMITTEE

Mr. Chen Yongsen (*chairman of committee*)
 Mr. Anson Poon Wai Kong
 Mr. Li Hongxiang
 Mr. Bonathan Wai Ka Cheung
 Ms. Chen Lei

COMPLIANCE COMMITTEE

Mr. Wang Shi Jin (*chairman of committee*)
 Mr. Anson Poon Wai Kong
 Mr. Li Hongxiang
 Mr. Bonathan Wai Ka Cheung
 Ms. Chen Lei

COMPANY SECRETARY

Mr. Chan Chun Kau

AUTHORISED REPRESENTATIVES

Mr. Chen Yongsen
 Mr. Chan Chun Kau

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 Cayman Islands

AUDITOR

HLB Hodgson Impey Cheng Limited

PRINCIPAL BANKERS

China Construction Bank Corporation,
 Zhongshan Branch, Guangdong, the PRC
 Agricultural Bank of China,
 Zhongshan Branch, Guangdong, the PRC
 China Trust Commercial Bank, Ltd.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
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 Grand Cayman KY1-1111
 Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
 Level 22,
 Hopewell Centre
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 Hong Kong

STOCK CODE

00515

WEB-SITE

www.tatchun.com

Oh behalf of the Board, I would like to extend our sincere appreciation to all management and staff members of their diligence and dedication, the continuing support of our business partners and the Company's shareholders.

On behalf of the Board

Chen Yongsen

Chairman

Hong Kong, 29 August 2017