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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-36521

TCP INTERNATIONAL HOLDINGS LTD.
(Exact name of registrant as specified in its charter)

Switzerland	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

Alte Steinhauserstrasse 1
6330 Cham, Switzerland
(Address of principal executive offices)

(330) 995-6111
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer	☐	Accelerated filer	☐
Non-Accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 1, 2014, 27,696,288 shares of common stock were outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements.

TCP INTERNATIONAL HOLDINGS LTD. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited)
(Amounts in thousands, except per share data)

	June 30, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 16,091	$ 21,903
Restricted cash	6,666	3,404
Accounts receivable, less allowance for doubtful accounts of $1,416 and $1,479 at June 30, 2014 and December 31, 2013, respectively	82,634	59,574
Inventories	116,872	119,477
Prepaids and other current assets	18,826	14,415
Deferred income taxes	9,030	10,551
Total current assets	250,119	229,324
Property, plant and equipment, net of accumulated depreciation of $39,965 and $39,007 at June 30, 2014 and December 31, 2013 respectively	70,924	74,558
Land rights, net	4,154	4,244
Deferred costs	18,364	18,732
Finance receivable from related party	—	1,915
Intangible assets, net of accumulated amortization of $861 and $837 at June 30, 2014 and December 31, 2013, respectively	2,826	2,993
Deferred income taxes, long-term	7,772	7,758
Other long-term assets	1,707	1,741
Total assets	$355,866	$ 341,265
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term loans and current portion of long-term debt	$138,711	$ 122,840
Accounts payable	103,835	105,742
Accrued expenses and other current liabilities	59,208	62,539
Total current liabilities	301,754	291,121
Long-term debt, net of current portion	5,442	7,553
Income taxes payable, long-term	7,410	7,043
Legal settlements, net of current portion	31,232	30,941
Other long-term liabilities	512	427
Total liabilities	346,350	337,085
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Common stock, CHF 1.00 par value; 41,107 shares authorized; 20,553 issued and outstanding at June 30, 2014 and December 31, 2013	22,048	22,048
Additional paid-in capital	2,553	901
Accumulated other comprehensive income	13,237	13,721
Retained deficit	(28,322)	(32,490)
Total shareholders' equity	9,516	4,180
Total liabilities and shareholders' equity	$355,866	$ 341,265

See accompanying notes to unaudited condensed consolidated financial statements.

TCP INTERNATIONAL HOLDINGS LTD. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
(Amounts in thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Net sales	$ 112,464	$ 111,157	$ 213,581	$ 201,451
Cost of goods sold	86,953	84,150	163,283	153,609
Gross profit	25,511	27,007	50,298	47,842
Selling, general and administrative expenses	20,433	16,609	37,396	31,179
Litigation settlements	90	—	190	—
Operating income	4,988	10,398	12,712	16,663
Other expense (income):				
Interest expense	2,319	1,598	4,626	2,991
Interest income	(38)	(166)	(65)	(264)
Foreign exchange (gains) losses, net	(633)	2,231	(1,307)	4,637
Income before income taxes	3,340	6,735	9,458	9,299
Income tax expense	1,387	2,184	3,584	3,807
Net income	$ 1,953	$ 4,551	$ 5,874	$ 5,492
Other comprehensive income:				
Foreign currency translation adjustments	172	613	(484)	1,829
Comprehensive income	$ 2,125	$ 5,164	$ 5,390	$ 7,321
Net income per share-basic and diluted	$ 0.10	$ 0.22	$ 0.29	$ 0.27

See accompanying notes to unaudited condensed consolidated financial statements.

TCP INTERNATIONAL HOLDINGS LTD. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Amounts in thousands)

	Six months ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net income	$ 5,874	$ 5,492
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	4,367	3,955
Deferred income tax expense (benefit)	1,460	(600)
Share-based compensation expense	606	—
Loss on disposal of equipment	114	—
Changes in operating assets and liabilities:		
Accounts receivable	(24,713)	(10,790)
Inventories	2,382	(30,397)
Prepaid expenses and other assets	(1,054)	(2,475)
Accounts payable	2,773	20,727
Accrued and other liabilities	(4,095)	(5,668)
Net cash used in operating activities	(12,286)	(19,756)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(6,025)	(6,162)
(Increase) decrease in restricted cash	(3,306)	76
Repayment of related party finance receivables	209	422
Other investing activities, net	59	2
Net cash used in investing activities	(9,063)	(5,662)
Cash flows from financing activities:		
Borrowings under foreign short-term bank loans	88,420	79,921
Repayments of foreign short-term bank loans	(80,222)	(66,426)
Borrowings on line of credit agreement, net	7,971	3,847
Borrowings of long-term debt	588	—
Repayments of long-term debt	(341)	(124)
Payment of related party finance liability	(124)	(139)
Payment of debt issuance costs	(701)	—
Payment of deferred offering costs	(40)	—
Payment of contingent consideration	—	(450)
Net cash provided by financing activities	15,551	16,629
Effect of exchange rate changes on cash and cash equivalents	(14)	313
Decrease in cash and cash equivalents	(5,812)	(8,476)
Cash and cash equivalents at beginning of period	21,903	38,680
Cash and cash equivalents at end of period	$ 16,091	$ 30,204
Supplemental disclosure of non-cash activities:		
Purchase of property and equipment included in accounts payable	$ 5,597	$ 9,968
Deferred offering costs not yet paid	$ 2,268	$ —
Forgiveness of related party finance receivable	$ 1,706	$ —

See accompanying notes to unaudited condensed consolidated financial statements.

TCP INTERNATIONAL HOLDINGS LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(Amounts in thousands, except per share data)

(1) Nature of Operations

TCP International Holdings Ltd. (TCP or the Company), together with its subsidiaries, designs, develops, manufactures and delivers high quality energy-efficient lamps, fixtures and internet-based lighting control solutions. The Company's broad portfolio of LED and compact fluorescent lamps (CFLs) and fixtures and internet-based lighting solutions are offered through thousands of retail and consumer and industrial distributors throughout the United States, Canada, Asia, Latin America and Europe/Middle East/Africa (EMEA).

Reverse Stock Split

On June 17, 2014, the Board of Directors approved a 1:10 reverse stock split of the Company's common stock and par value (the Reverse Stock Split). No fractional shares were issued in connection with the Reverse Stock Split. All of the share and per share data presented in the Company's consolidated financial statements and notes thereto have been adjusted, on a retroactive basis, to reflect the Reverse Stock Split.

Initial Public Offering

On July 1, 2014, the Company completed an initial public offering pursuant to its Registration Statement on Form S-1, in which it issued 7,143 common shares at a public offering price of $11.00 per share. The estimated aggregate net proceeds raised were $69,800 after deducting underwriter discounts and commissions of $5,500 and estimated other offering expenses of $3,300. The Company granted the underwriters the option to purchase up to an additional 1,071 common shares, which was not executed.

At June 30, 2014, $2,308 of deferred offering costs were included within prepaids and other current assets.

(2) Significant Accounting Policies

(a) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company included herein have been prepared pursuant accounting principles generally accepted in the United States of America (U.S. GAAP) for interim reporting. Certain information and footnote disclosures normally included in our annual consolidated financial statements have been condensed or omitted pursuant to Article 10 of Regulation S-X of the U.S. Securities and Exchange Commission (SEC). The accompanying consolidated balance sheet at December 31, 2013, has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for a complete set of annual financial statements.

Financial statements prepared in accordance with U.S. GAAP require management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and other disclosures. In the opinion of management, these unaudited condensed consolidated financial statements include all normal and recurring adjustments necessary for a fair presentation of the financial position and the results of our operations and cash flows for the interim periods presented.

The results of operations for any interim period are not necessarily indicative of the results of operations for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes to consolidated financial statements as of and for the year ended December 31, 2013, included in the Company's Prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act of 1933 on June 27, 2014.

(b) Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of June 30, 2014 and December 31, 2013, $14,447 and $21,635, respectively, of the Company's cash and cash equivalents were held outside the United States. In addition, book overdrafts totaling $1,947 at December 31, 2013, were recorded within accounts payable. There were no book overdrafts at June 30, 2014.

(c) Fair Value Measurements

As of June 30, 2014 and December 31, 2013, the Company did not have any assets or liabilities that were required to be measured at fair value on a recurring basis. Cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and short-term borrowings and loans are carried at historical costs, which approximate their fair value due to their relatively short-term maturities. The fair value of the Company's long-term debt was $6,168 and $8,375 at June 30, 2014 and December 31, 2013, respectively. The fair value of the Company's long-term debt is based on a discounted cash flow analysis that utilizes Level 2 inputs. These inputs include observable market-based interest rates on debt with similar creditworthiness, terms and maturities.

(d) Share-based Compensation

Share-based compensation awards are valued at fair value, as determined using the closing price of our shares on the New York Stock Exchange on the grant date. The Company recognizes share-based compensation expenses on a straight-line basis over the requisite service periods of each award, net of estimated forfeitures.

(e) Earnings Per Share

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period and potentially dilutive common share equivalents, except in cases where the effect of the common share equivalents would be antidilutive. Potential common share equivalents consist of common shares issuable upon vesting of restricted share units (RSUs) using the treasury stock method, including contingently issuable shares for which the applicable performance conditions have been met. As there were no potential dilutive shares outstanding during the three and six months ended June 30, 2013, basic and diluted net income per share for such periods is the same. For the three and six months ended June 30, 2014, 594 common shares underlying RSUs, for which performance conditions had not been met as of June 30, 2014, were excluded from diluted average shares outstanding.

The following table presents the calculation of basic and diluted net income per share for the three and six months ended June 30, 2014 and 2013:

	Three Months Ended June 30,		Six Months Ended June 30	
	2014	2013	2014	2013
Numerator:				
Net income	$ 1,953	$ 4,551	$ 5,874	$ 5,492
Denominator:				
Weighted average shares outstanding	20,553	20,553	20,553	20,553
Dilutive effect of RSUs	1	—	1	—
Diluted average shares outstanding	20,554	20,553	20,554	20,553
Net income per share, basic	$ 0.10	$ 0.22	$ 0.29	$ 0.27
Net income per share, diluted	$ 0.10	$ 0.22	$ 0.29	$ 0.27

(f) Recently Issued Accounting Pronouncements

Accounting Standards Adopted in 2014

In March 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-05, *Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity*. The objective of this ASU is to resolve the diversity in practice regarding the release into net income of the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 31, 2013. The adoption of this pronouncement did not have an impact on the consolidated financial statements of the Company.

In July 2013, the FASB issued ASU No. 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss or Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force).* The ASU provides guidance regarding the presentation in the statement of financial position of an unrecognized tax benefit when a net operating loss carryforward or a tax credit carryfoward exists. The ASU generally provides that an entity's unrecognized tax benefit, or a portion of its unrecognized tax benefit, should be presented in its financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. The ASU applies prospectively to all entities that have unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date, and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this pronouncement did not have an impact on the consolidated financial statements of the Company.

Accounting Standards Not Yet Adopted

In April 2014, the FASB issued ASU No. 2014-08*, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. This ASU changes the definition of discontinued operations by limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014 with early adoption permitted in certain circumstances. The Company will apply the guidance prospectively to disposal activity occurring after the effective date of this ASU.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company has not yet selected a transition method nor has it evaluated the effect that ASU 2014-09 will have on the consolidated financial statements.

(3) Share-based Compensation

On June 24, 2014, the Company's shareholders and board of directors adopted and approved the 2014 Omnibus Incentive Plan (the 2014 Plan), whereby equity awards may be granted to employees, directors and other eligible service providers, as determined by the compensation committee. The Company has reserved 2,500 shares for grants under the 2014 Plan. Unless amended by the Company's board of directors or compensation committee, the 2014 Plan will expire in June 2024.

On June 25, 2014, the Company granted 527 time-based RSUs and 594 performance-based RSUs. RSUs are subject to such conditions and restrictions, including continued employment or service and/or achievement of pre-established performance goals and objectives and provide for the issuance of one common share of the Company at no cost to the holder. Time-based RSUs generally vest according to the following schedule: 1/3 in February 2015, 1/3 in July 2015, and the remainder in July 2016. Performance-based RSUs vest based on the following schedule, subject to performance criteria established at the time of and in connection with the grant: 1/2 in February 2015, 1/4 in April 2015 and the remainder in July 2015. To cover the vesting of its RSUs, the Company will issue new shares from its authorized, unissued share pool. Surrendered units may be used to satisfy the individual tax obligations of those participants electing a net issuance whereby the Company pays the participant's minimum statutory tax liability and the participant surrenders a sufficient number of shares equal to the amount of tax liability assumed by the Company.

The weighted average fair value of the RSUs on the date of grant was $11.00 per share, which was equal to the initial public offering price of the Company's shares. For the three and six months ended June 30, 2014, share-based compensation expense of $606 was recorded through selling, general and administrative expenses. As of June 30, 2014, unrecognized compensation expense was $9,779, which is expected to be recognized over a remaining weighted average period of 12 months.

The following table summarizes additional information concerning our unvested RSU units:

	Units	Weighted Average Grant Date Fair Value
Unvested at December 31, 2013	—	$ —
Granted	1,121	11.00
Unvested at June 30, 2014	1,121	$ 11.00

No RSUs vested or were surrendered during the three and six months ended June 30, 2014.

(4) Inventories

Inventories consisted of the following:

	June 30, 2014	December 31, 2013
Raw materials	$ 13,366	$ 20,005
Work in process	17,034	11,630
Finished goods	86,472	87,842
Total inventories	$116,872	$ 119,477

(5) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	June 30, 2014	December 31, 2013
Accrued payroll and related expenses	$25,727	$ 26,400
Accrued legal settlements	9,412	8,694
Accrued rebates	4,214	5,131
Income taxes payable	3,422	4,456
Accrued product warranties	1,043	976
Other	15,390	16,882
Total accrued expenses and other current liabilities	$59,208	$ 62,539

(6) Financing Agreements

Debt consisted of the following:

	June 30, 2014	December 31, 2013
Short-term loans:		
Revolving line of credit, LIBOR rate loans	$ 15,000	$ 25,000
Revolving line of credit, prime rate loans	20,107	2,136
Short-term bank loans	102,942	95,215
Short-term note payable	442	—
	138,491	122,351
Long-term debt:		
Mortgage note payable	5,591	87
Capital leases	71	139
Financing liability	—	7,770
Note payable	—	46
	5,662	8,042
Total debt	144,153	130,393
Less short-term portion of all debt	(138,711)	(122,840)
Long-term portion	$ 5,442	$ 7,553

Revolving Line of Credit: The remaining borrowing capacity under the revolving line of credit was $4,893 at June 30, 2014. Interest on the London Interbank Offered Rate (LIBOR) rate loans and prime rate loans was 3.4% and 5.5%, respectively, at June 30, 2014. Interest on the LIBOR rate loans and prime rate loans was 3.4% and 5.5%, respectively, at December 31, 2013. Additionally, a commitment fee of 0.4% per annum is due quarterly for any unused capacity under the revolving line of credit. As of June 30, 2014, the Company was in compliance with the financial and other covenants in its revolving line of credit.

***Short-term Bank Loans*:** These loans primarily are comprised of short-term notes with various financial institutions in China with maturities ranging from July 2014 to June 2015. The original term for all of the loans was one year or less. Such loans are generally rolled over for an additional 12 months upon maturity. The weighted average interest rate on these loans was 4.5% and 3.6% as of June 30, 2014 and December 31, 2013, respectively.

Short-term bank loans totaling $30,150 are guaranteed by a shareholder of the Company through October and November of 2014. The Company obtained a letter from the shareholder confirming that the shareholder will continue to guarantee these short-term bank loans as necessary through December 31, 2014.

Short-term Note Payable: In April 2014, the Company issued a short-term note payable to a third-party to finance insurance premiums. The note, which is unsecured, is payable in monthly installments of $75, including interest at a rate of 3.3%, through December 2014.

Financing Liability: In April 2007, the Company entered into a 15-year lease agreement with TCP Campus Drive LLC (TCP Campus) requiring annual payments of $846, including interest at a rate of 6.1%. As the Company was deemed the owner of the leased building for accounting purposes during the construction period, the construction costs associated with the building and a corresponding financing liability were recorded. Due to the Company's continuing involvement with TCP Campus, the Company was precluded from derecognizing the constructed assets and financing liability following the completion of construction. Capital improvements made to the building increased the amount of the financing liability outstanding and a portion of the rental payments reduced the outstanding principal.

In June 2014, the Company acquired all of the membership interests of TCP Campus in exchange for the warehouse owned by the Company in Aurora, Ohio, resulting in the elimination of the financing liability. Refer to Note 9 for further disclosure of the TCP Campus transaction.

Mortgage Note Payable: The Company had a mortgage note payable in 180 monthly payments of $4, which includes interest at a rate of 5.4%, through December 2015. This note was collateralized by a warehouse and was guaranteed by the Company's CEO. The Company repaid this mortgage in full in June 2014.

In conjunction with the acquisition of the membership interests of TCP Campus, the Company assumed the mortgage note payable on the related land and building. The mortgage requires monthly payments of $42, which includes interest at a rate of 6.0%, and a lump-sum payment of $5,077 upon maturity in May 2017. This note is collateralized by the warehouse facility and is guaranteed by the Company's CEO. The net book value of the warehouse facility was $8,289 at June 30, 2014. Refer to Note 9 for further disclosure of the TCP Campus transaction.

(7) Concentrations of Credit Risk

Net sales to Walmart and The Home Depot accounted for 20.7% and 20.4%, respectively, of consolidated net sales for the three months ended June 30, 2014 and 20.6% and 19.4%, respectively, of consolidated net sales for the six months ended June 30, 2014. Net sales to Walmart and The Home Depot accounted for 11.6% and 30.3%, respectively, of consolidated net sales for the three months ended June 30, 2013 and 8.6% and 27.6%, respectively, of consolidated net sales for the six months ended June 30, 2013.

Walmart and The Home Depot accounted for 38.5% of total accounts receivable as of June 30, 2014 and Walmart accounted for 11.4% of total accounts receivable as of December 31, 2013, respectively. The Company does not have any off-balance-sheet credit exposure related to its customers.

(8) Commitments and Contingencies

Legal Matters

GE Lighting Solutions, LLC

In January 2013, GE Lighting Solutions, LLC filed a lawsuit in the U.S. District Court for the Northern District of Ohio, naming the Company as a defendant. The litigation alleges that TCP, by importing, making, selling, offering to sell, and/or using eleven specific LED lamps, is infringing on two GE patents related to the design of the LED lamp heat dissipation apparatus. To date, GE has not specified a monetary claim for damages from TCP for alleged unpaid royalties related to the use of GE patents. TCP continues to seek a business resolution to this dispute as the Company continues to sell the products subject to this lawsuit. Based on negotiations conducted with GE in 2013, the Company has recorded a liability of $1,390 and $1,200 at June 30, 2014 and December 31, 2013, respectively, for the probable resolution of this matter. The Company believes that it is reasonably possible that the settlement of this matter may exceed the recorded liability as GE has taken a position, during early, informal settlement discussions that could lead to a claim for royalties up to $12,500.

Other Legal Matters

Additionally, in the normal course of business, the Company is subject to various other legal claims, actions, and complaints. The Company recorded a liability for certain asserted claims that the Company believed were probable and estimable of $50 and $155 as of June 30, 2014 and December 31, 2013, respectively.

The Company records a liability when it believes that it is probable that a loss has been incurred and the amount can be reasonably estimated. The Company evaluates developments in on-going legal matters that could affect the amount of liability that has been previously accrued at each reporting period, and makes adjustments as appropriate. The Company expenses legal fees in the period in which they are incurred. Although the Company believes it has substantial defenses in these various matters, litigation is inherently unpredictable, and excessive verdicts do occur. The Company could incur judgments or enter into settlements of claims in the future that could have a material adverse effect on its results of operations, financial position and cash flows in any particular period.

Refund of U.S. Customs Import Tariffs: In October 2012, U.S. Customs and Boarder Protection (U.S. Customs) issued a ruling stipulating the import tariff classification on certain of the Company's LED lamps, thereby raising the duty rate on such lamps to 6.0% ad valorem. In January 2013, the Company filed a Ruling Reconsideration with U.S. Customs and, in June 2013, began filing monthly Submissions of Protest for import entries retroactively to February 2012. Beginning in April 2014, the Company began receiving refunds relating to the protested entries and in July 2014, the Company received a notification of acceptance of its Ruling Reconsideration that affirmed a lower import tariff on the future import of certain of its LED lamps. Based on the U.S. Customs' revocation ruling and the favorable ruling on the Company's protests, the Company believes that it may continue to receive refunds from pending protests with U.S. Customs over the next 18 months related to the overpayment of LED tariffs that could total $3,375 in the aggregate. As the ultimate outcome of the pending protests cannot be determined with precision, no amount for the possible collection of future refunds has been recognized at June 30, 2014. For the three and six months ended June 30, 2014, the Company has received protest refunds of $149, which have been recorded as income from operations within the condensed consolidated statements of comprehensive income.

Other Matters: The Company has recorded a liability for unpaid indirect taxes in China assumed as part of a prior acquisition of one of its subsidiaries that remain outstanding. Based on current tax regulations in China, the Company may be liable for interest on this unpaid tax balance. At June 30, 2014, the Company believes it is reasonably possible, but not probable, that up to $4,017 of interest could be assessed for these unpaid taxes, and therefore no liability for interest has been recorded as of June 30, 2014.

(9) Variable Interest Entities

Consolidated VIE

The wife of a shareholder owns 100% of the stock of Zhenjiang Fengxin Electronic Equipment Co., Ltd. (ZFX) in China. Through 2011, ZFX assembled inventory for the Company's Asian operations with all of the revenues and income of this entity derived from transactions with the Company. Prior to ZFX's dissolution in December 2013, the Company controlled the activities of ZFX and the Company was exposed to losses from ZFX through its intercompany accounts receivable. Therefore, the Company was deemed to be the primary beneficiary. For the three and six months ended June 30, 2013, ZFX had no impact on net sales or net income since all sales and profits related to intercompany transactions, including transactions with the VIE, are eliminated in consolidation.

Unconsolidated VIEs

TCP Campus was owned 100% by a shareholder of the Company and his wife. TCP Campus's initial funding included a loan for $3,300 from the Company and a nominal equity contribution by the equity owner. TCP Campus owned the warehouse and office in Aurora, Ohio leased by the Company. In determining the primary beneficiary of TCP Campus, the Company gave greater consideration to the legal form of ownership that grants control over TCP Campus to the equity owners.

In June 2014, the Company acquired all of the membership interests of TCP Campus in exchange for the warehouse that was owned by the Company in Aurora, Ohio. The net assets of TCP Campus consist of the warehouse and office space formerly leased by the Company and a related mortgage payable to a third-party of $5,591. In contemplation of this transaction, the Company forgave the remaining finance receivable due from TCP Campus of $1,706 in May 2014. These transactions resulted in a financial statement loss of $660, equal to the difference between the cost basis of the membership interests of TCP Campus acquired and the cost basis of the assets sold, the elimination of the associated financing liability, and the amount of the related party finance receivable forgiven. This loss was recorded as a direct reduction of equity since the transaction occurred between entities under common control.

(10) Segment and Geographic Information

The Company operates as a single reportable segment. The chief operating decision maker reviews financial information on a consolidated basis for purposes of allocating resources and assessing performance. Revenue is attributed to geographic areas based on the location of the customer. Net sales and property, plant, and equipment by geographic area and net sales by product line are presented below:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Net sales by geographical area:				
United States	$ 89,529	$ 87,872	$171,153	$ 160,555
Canada	4,534	3,143	8,181	6,472
Asia	9,302	4,436	15,961	12,137
EMEA	6,288	10,945	12,147	14,477
Latin America	2,811	4,761	6,139	7,810
Total net sales	$ 112,464	$ 111,157	$213,581	$ 201,451
Net sales by product line:				
CFL	$ 59,468	$ 71,834	$118,873	$ 135,414
LED	46,009	27,809	82,331	46,517
Linear and fixtures	3,226	6,336	6,913	12,363
Other	3,761	5,178	5,464	7,157
Total net sales	$ 112,464	$ 111,157	$213,581	$ 201,451

	June 30, 2014	December 31, 2013
Property, plant and equipment, net:		
United States	$11,236	$ 12,566
Asia	58,770	60,931
EMEA	905	1,048
Latin America	13	13
Total property, plant and equipment, net	$70,924	$ 74,558

(11) Equity

The following table presents changes in shareholders' equity:

	Common stock		Additional	Accumulated other comprehensive	Retained	Total
	Shares	Amount	paid-in capital	income	deficit	equity
Balances at December 31, 2013	20,553	$22,048	$ 901	$ 13,721	$(32,490)	$ 4,180
Net income	—	—	—	—	5,874	5,874
Share-based compensation expense	—	—	606	—	—	606
Forgiveness of finance receivable from related party	—	—	—	—	(1,706)	(1,706)
Acquistion of TCP Campus	—	—	1,046	—	—	1,046
Currency translation adjustment	—	—	—	(484)	—	(484)
Balances at June 30, 2014	20,553	$22,048	$ 2,553	$ 13,237	$(28,322)	$ 9,516

(12) Subsequent Event

During the third quarter of 2014, the Company intends to grant 103 time-based RSUs and 413 performance-based RSUs under the 2014 Plan, which will vest according to the same schedule as the RSUs disclosed in Note 3.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion of our financial condition and results of operations in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended, with the Securities and Exchange Commission on June 27, 2014 (Prospectus). In addition to historical condensed consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report on Form 10-Q, particularly in Risk Factors included in Part II, Item 1A.

Overview

We are a leading global provider of energy efficient LED and CFL lighting technologies. We design, develop, manufacture and deliver high quality energy efficient lamps, fixtures and internet-based lighting control solutions. Our internally developed driver, optical system, thermal management and power management technologies deliver a high standard of efficiency and light quality. Our broad portfolio of advanced LED and CFL lamps and fixtures enables us to address a wide range of applications required by our retail and commercial and industrial (C&I) customers. We have established the largest number of Energy Star® compliant lighting products for LEDs and CFLs combined. The lighting market is characterized by rapid product innovation and, as a result, we have maintained integrated product design and manufacturing capabilities to allow us to quickly respond to the rapidly evolving demands of our customers. Our products are currently offered through thousands of retail and C&I distributors. Since our inception in 1993, we have sold more than one billion energy efficient lighting products.

Currently, we sell the majority of our products in the United States and Canada. Our net sales in the United States and Canada are principally made through our retail channel, most notably through The Home Depot and Walmart, as well as through various C&I distributors, including HD Supply, Regency, Rexel, CED and Grainger. In addition, we have significant sales, marketing and distribution infrastructure outside of the United States and Canada, especially in EMEA, Asia and Latin America. Our largest Asian customers include IRIS, a C&I distributor in Japan, and Emart, a retailer in South Korea. In the first half of 2014, we opened our newest sales offices in Japan and Germany.

Key Metrics and Factors Affecting Our Results of Operations

Our results of operations during the six months ended June 30, 2014 and 2013 have been most affected by the following key factors:

Impact of changing product mix. CFL lamp sales historically have represented the majority of our overall product mix, having comprised 55.7% and 67.2% of net sales for the six months ended June 30, 2014 and 2013, respectively. The decline in CFL sales as a percentage of our net sales principally is the result of the successful introduction and expansion of our LED products, which grew from 23.1% of our net sales for the six months ended June 30, 2013 to 38.5% of net sales for six months ended June 30, 2014. LED products traditionally have had higher gross margins than our CFL products.

Impact of seasonal buying practices. Purchases by our retail customers are driven by their internal buying practices and sales programs that typically reflect a seasonal buying pattern, which may result in fluctuations in our period-to-period net sales. Historically, we have experienced lower retail sales in the first half of the year. The impact of these seasonal buying patterns, however, may be mitigated by utility and government incentives and programs, for which we have no control over the timing or extent of the programs, as well as the rate of new customer sales growth, the introduction of new product offerings and C&I customer buying practices, which follow no particular seasonal pattern. Therefore, seasonal factors and historical patterns should not be considered a reliable indicator of our future sales activity or performance.

Fluctuations in the Chinese yuan. In 2013, our product margins contracted, in part due to the strengthening of the Chinese yuan that increased the cost of our manufacturing operations in China. In addition, due to our vertically integrated operating structure, our Asian subsidiaries can hold various U.S. dollar denominated receivables with third-party customers and other TCP subsidiaries that are subject to fluctuations in the exchange rate for Chinese yuan, resulting in foreign currency gains or losses.

Adjusted EBITDA

We present the non-GAAP financial measure "Adjusted EBITDA" as a supplemental measure of our performance. This non-GAAP financial measure is not a measure of financial performance or liquidity calculated in accordance with accounting principles generally accepted in the United States, referred to herein as U.S. GAAP, and should be viewed as a supplement to, not a substitute for, our results of operations and balance sheet information presented on the basis of U.S. GAAP. We define EBITDA as net income before interest expense, income taxes, depreciation and amortization, and Adjusted EBITDA as EBITDA before net foreign currency (gains) losses, litigation settlements, share-based compensation expense and other nonrecurring items. Adjusted EBITDA is not necessarily comparable to similarly titled measures reported by other companies. Adjusted EBITDA may exclude certain financial information that some may consider important in evaluating our financial performance. Adjusted EBITDA may not be indicative of historical operating results, and we do not intend for it to be predictive of future results of operations. We believe the use of Adjusted EBITDA as a metric assists our board, management and investors in comparing our operating performance on a consistent basis because it removes the impact of our capital structure (specifically interest expense, net), asset base (specifically depreciation and amortization) and tax structure, as well as certain items that affect inter-period comparability.

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to net income, which is the most directly comparable U.S. GAAP measure, for the three and six months ended June 30, 2014 and 2013.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income	$ 1,953	$ 4,551	$ 5,874	$ 5,492
Adjustments:				
Interest expense, net	2,281	1,432	4,561	2,727
Income tax expense	1,387	2,184	3,584	3,807
Depreciation and amortization	2,177	2,003	4,367	3,955
EBITDA	7,798	10,170	18,386	15,981
Adjustments:				
Foreign exchange (gains) losses, net	(633)	2,231	(1,307)	4,637
Litigation settlements	90	—	190	—
Share-based compensation expense	606	—	606	—
Refund of U.S. Customs import tariffs	(149)	—	(149)	—
Adjusted EBITDA	$ 7,712	$ 12,401	$ 17,726	$ 20,618

Results of Operations

Comparison of the Three Months Ended June 30, 2014 and 2013

	Three Months Ended June 30,			
	2014		2013	
	(in thousands)			
	Amount	As a % of Sales	Amount	As a % of Sales
Net sales	$112,464	100.0%	$111,157	100.0%
Cost of goods sold	86,953	77.3%	84,150	75.7%
Gross profit	25,511	22.7%	27,007	24.3%
Selling, general and administrative expenses	20,433	18.1%	16,609	14.9%
Litigation settlements	90	n/m	—	n/m
Operating income	4,988	4.4%	10,398	9.4%
Other expenses:				
Interest expense, net	2,281	2.0%	1,432	1.3%
Foreign exchange (gains) losses, net	(633)	(0.6)%	2,231	2.0%
Income before income taxes	3,340	3.0%	6,735	6.1%
Income tax expense	1,387	1.2%	2,184	2.0%
Net income	$ 1,953	1.7%	$ 4,551	4.1%
Other Financial Data:				
Adjusted EBITDA	$ 7,712	6.9%	$ 12,401	11.2%

Net sales. The following table shows our net sales by region and by product line:

	Three Months Ended June 30,			
	2014		2013	
	(in thousands)			
	Amount	As a % of Sales	Amount	As a % of Sales
United States and Canada	$ 94,063	83.6%	$ 91,015	81.9%
Asia	9,302	8.3%	4,436	4.0%
EMEA	6,288	5.6%	10,945	9.8%
Latin America	2,811	2.5%	4,761	4.3%
Total net sales	$112,464	100.0%	$111,157	100.0%

	Three Months Ended June 30,			
	2014		2013	
	(in thousands)			
	Amount	As a % of Sales	Amount	As a % of Sales
CFL	$ 59,468	52.9%	$ 71,834	64.6%
LED	46,009	40.9%	27,809	25.0%
Linear and fixtures	3,226	2.9%	6,336	5.7%
Other	3,761	3.3%	5,178	4.7%
Total net sales	$112,464	100.0%	$111,157	100.0%

Net sales of $112.5 million for the three months ended June 30, 2014 increased by $1.3 million, or 1.2%, compared with the three months ended June 30, 2013. Net sales in our C&I channel of $52.0 million increased $6.3 million, or 13.7% and net sales in our retail channel of $58.4 million decreased $2.3 million, or 3.8% compared with the three months ended June 30, 2013.

Sales of our LED product line increased $18.2 million, or 65.4%. The increase primarily is attributable to our continued business focus on growing the LED product line that resulted in an increase in LED sales with C&I distributors of $11.0 million and new LED business with Walmart of $4.7 million in the United States and Canada, as well as new retail business in Asia.

Sales of our CFL product line decreased by $12.4 million, or 17.2%. The decrease mainly is due to lower sales of $13.6 million in the United States and Canada largely attributable to a decline in volume with The Home Depot, primarily due to their reduction of purchases in anticipation of a change in packaging design, and with C&I distributors, primarily due to the strategic change in focus to LED products. These declines in the United States and Canada partially were offset by higher sales of $3.1 million with Walmart. Sales in Latin America decreased $1.6 million primarily due to lower volume with The Home Depot Mexico. These decreases partially were offset by an increase in sales of $2.5 million in Asia, largely from sales under the Chinese government subsidy program due to the timing of the programs among quarters.

Sales of our linear, fixtures and other product lines decreased by $4.5 million, or 39.1%. The decrease primarily is attributable to lower linear fluorescent sales of $3.1 million, largely from lower volume with C&I distributors in the United States and Canada due to our transition to LED fixtures, and a $3.0 million decrease in halogen sales mainly attributable to a one-time order with a retailer in EMEA that did not repeat in 2014. These decreases partially were offset by an increase in halogen sales with Walmart of $1.4 million in the United States and Canada.

Gross profit. Gross profit decreased by $1.5 million, or 5.5%, and our gross profit percentage decreased to 22.7% from 24.3%, primarily due to the absence of favorable gross profit margins from a one-time order in 2013 with a retailer EMEA that did not repeat in 2014, an increase in the provision for excess and obsolete inventory and a stronger Chinese yuan compared with the same period in 2013, partially offset by favorable product mix from higher LED sales. Our inventory provision increased $0.5 million primarily due to rapidly changing technological innovations along with the industry's shift to LED that changed demand for our products and resulted in higher levels of excess and obsolete inventory. The strengthening Chinese yuan, which appreciated 0.6% against the U.S. dollar compared with the three months ended June 30, 2013, has reduced gross profit margins as sales are denominated primarily in U.S. dollars, and manufacturing costs in Asia are paid in the Chinese yuan.

Selling, general and administrative expenses. Selling, general and administrative expenses increased by $3.8 million, or 23.0%, primarily due to a $2.6 million increase in payroll and benefits and a $1.5 million increase in marketing costs. The increase in payroll and benefits expenses largely was due to our continued efforts to expand our sales force principally to serve customers within the C&I channel, and to enhance our engineering and marketing functions, along with $0.8 million of severance expense associated with the termination of three members of management and $0.6 million of share-based compensation expenses associated with restricted share units granted in June 2014. The increase in marketing costs largely is due to our initiatives to grow brand awareness through media advertisements, in-store displays and trade shows.

Litigation settlements. Litigation settlements is comprised of additional estimated settlement costs to resolve ongoing litigation. Refer to Note 8 to the condensed consolidated financial statements included in Part I, Item I of this Quarterly Report on Form 10-Q.

Other expenses. Other expense decreased by $2.0 million due to foreign exchange gains of $0.6 million compared with foreign currency losses of $2.2 million during the same period in 2013, partially offset by higher interest expense of $0.7 million. The foreign exchange gains were primarily attributable to the weakening Chinese yuan since March 31, 2014, which resulted in an appreciation of our U.S. dollar-denominated receivables in Asia from third-party customers and other TCP subsidiaries. The increase in interest expense resulted from an increase in debt to fund working capital and interest on legal settlement obligations.

Effective income tax rate. Our effective income tax rate increased to 41.5% in the three months ended June 30, 2014 from 32.4% in the same period last year. Our effective income tax rate of 41.5% was higher than the U.S. federal income tax rate primarily due to current period losses in certain European and Asian operating companies, for which no tax benefit was recorded, non-deductible expenses in China related to certain employment costs and interest on uncertain tax positions. Our effective income tax rate of 32.4% for the three months ended June 30, 2013 differs from U.S. federal income tax rate as there was a favorable impact resulting from earnings in lower tax rate jurisdictions partially offset by non-deductible expenses in China related to certain employment costs and interest on uncertain tax positions.

Comparison of the Six Months Ended June 30, 2014 and 2013

	Six Months Ended June 30,			
	2014		2013	
	(in thousands)			
	Amount	As a % of Sales	Amount	As a % of Sales
Net sales	$213,581	100.0%	$201,451	100.0%
Cost of goods sold	163,283	76.5%	153,609	76.3%
Gross profit	50,298	23.5%	47,842	23.7%
Selling, general and administrative expenses	37,396	17.5%	31,179	15.5%
Litigation settlements	190	n/m	—	n/m
Operating income	12,712	6.0%	16,663	8.3%
Other expenses:				
Interest expense, net	4,561	2.1%	2,727	1.4%
Foreign exchange (gains) losses, net	(1,307)	(0.6)%	4,637	2.3%
Income before income taxes	9,458	4.4%	9,299	4.6%
Income tax expense	3,584	1.7%	3,807	1.9%
Net income	$ 5,874	2.8%	$ 5,492	2.7%
Other Financial Data:				
Adjusted EBITDA	$ 17,726	8.3%	$ 20,618	10.2%

Net sales. The following table shows our net sales by region and by product line:

	Six Months Ended June 30,			
	2014		2013	
	(in thousands)			
	Amount	As a % of Sales	Amount	As a % of Sales
United States and Canada	$179,334	84.0%	$167,027	82.9%
Asia	15,961	7.5%	12,137	6.0%
EMEA	12,147	5.7%	14,477	7.2%
Latin America	6,139	2.8%	7,810	3.9%
Total net sales	$213,581	100.0%	$201,451	100.0%

	Six Months Ended June 30,			
	2014		2013	
	(in thousands)			
	Amount	As a % of Sales	Amount	As a % of Sales
CFL	$118,873	55.7%	$135,414	67.2%
LED	82,331	38.5%	46,517	23.1%
Linear and fixtures	6,913	3.2%	12,363	6.1%
Other	5,464	2.6%	7,157	3.6%
Total net sales	$213,581	100.0%	$201,451	100.0%

Net sales of $213.6 million for the six months ended June 30, 2014 increased by $12.1 million, or 6.0%, compared with the six months ended June 30, 2013. Net sales in our retail channel of $110.4 million increased $11.0 million, or 11.0%, and net sales in our C&I channel of $98.8 million increased $13.3 million, or 15.6% compared with the six months ended June 30, 2013.

Sales of our LED product line increased $35.8 million, or 77.0%. The increase is primarily attributable to our continued business focus on growing the LED product line that resulted in an increase in LED sales with C&I distributors of $19.6 million and new LED business with Walmart of $7.2 million in the United States and Canada, as well as growth with retail customers in Asia and EMEA.

Sales of our CFL product line decreased by $16.5 million, or 12.2%. The decrease mainly is attributable to a decline in sales in the United States and Canada of $18.9 million with The Home Depot, $6.3 million with OEMs and $3.1 million with C&I distributors, largely attributable to lower volume, partially offset by higher sales of $15.7 million with Walmart.

Sales of our linear, fixtures and other product lines decreased by $7.1 million, or 36.6%. The decrease primarily is attributable to lower linear fluorescent sales of $5.5 million, largely from lower volume with C&I distributors in the United States and Canada due to our transition to LED fixtures, along with decrease of $3.0 million of halogen sales attributable to a one-time order with a retailer in EMEA that did not repeat in 2014. These decreases partially were offset by an increase in halogen sales with Walmart of $1.7 million in the United States and Canada.

Gross profit. Gross profit increased by $2.5 million, or 5.1%, primarily due to the growth in net sales. Gross profit percentage was comparable with the same period in 2013, as the benefit of favorable product mix from higher LED sales, the decrease in provision for excess and obsolete inventory and lower freight costs were offset by a stronger Chinese yuan compared with the same period in 2013. The strengthening Chinese yuan, which appreciated 1.6% against the U.S. dollar compared with the six months ended June 30, 2013, has reduced gross profit margins as sales are denominated primarily in U.S. dollars, and manufacturing costs in Asia are paid in the Chinese yuan.

Selling, general and administrative expenses. Selling, general and administrative expenses increased by $6.2 million, or 19.9%, primarily due to a $4.1 million increase in payroll and benefits and a $2.0 million increase in new product certification and marketing costs. The increase in payroll and benefits expenses largely was due to our continued efforts to expand our sales force principally to serve customers within the C&I channel, and to enhance our engineering and marketing functions, along with $0.8 million of severance expense associated with the termination of three members of management and $0.6 million of share-based compensation expense. The increase in marketing costs largely is due to our initiatives to grow brand awareness through media advertisements, in-store displays and trade shows.

Litigation settlements. Litigation settlements is comprised of additional estimated settlement costs to resolve ongoing litigation.

Other expenses. Other expense decreased by $4.1 million due to foreign exchange gains of $1.3 million compared with foreign currency losses of $4.6 million during the same period in 2013, partially offset by higher interest expense of $1.6 million. The foreign exchange gains were primarily attributable to the weakening Chinese yuan since December 31, 2013, which resulted in an appreciation of our U.S. dollar-denominated receivables in Asia from third-party customers and other TCP subsidiaries. The increase in interest expense resulted from an increase in debt to fund working capital and interest on legal settlement obligations.

Effective income tax rate. Our effective income tax rate decreased to 37.9% for the six months ended June 30, 2014 from 40.9% in the same period last year. Our effective income tax rate in both six month periods were higher than the U.S. federal income tax rate primarily due to current period losses in certain European and Asian operating companies, for which no tax benefit was recorded, non-deductible expenses in China related to certain employment costs and interest on uncertain tax positions.

Liquidity and Capital Resources

As of June 30, 2014, we had $16.1 million in cash and cash equivalents, excluding restricted cash, compared with $21.9 million at December 31, 2013. At June 30, 2014, $14.4 million of our cash and cash equivalents, excluding restricted cash, was held outside of the United States.

During the six months ended June 30, 2014, our short-term bank loans with a maturity of one year or less increased $7.7 million, and the revolving line of credit maturing on July 25, 2018, increased $8.0 million, to finance the payment of accounts payable, customer rebates and income taxes. For the six months ended June 30, 2014, our average short-term bank loan balance was $104.8 million, with the highest month-end balance of $106.3 million as of April 30, 2014. We had $18.2 million of bankers' acceptances outstanding with our suppliers and maintain restricted cash balances of $6.7 million as collateral for these bankers' acceptances at June 30, 2014.

At December 31, 2013, we had a non-interest bearing loan of $1.9 million due from TCP Campus Drive LLC (TCP Campus), an unconsolidated variable interest entity that was wholly owned by our CEO and his family. TCP Campus was formed in 2005 to purchase, construct and own the warehouse and office space in Aurora, Ohio that is currently utilized by and recorded as a capital asset of TCP. TCP entered into a lease with TCP Campus on June 16, 2006, which was amended on April 12, 2007. We entered into an agreement with an entity owned by our CEO and his wife in June 2014 whereby we acquired all of the membership interests of TCP Campus and eliminated the associated financing liability.

In exchange, we transferred the warehouse that we owned in Aurora, Ohio to the entity owned by Ellis Yan and his wife. The net assets of TCP Campus consist of the warehouse and office space formerly leased by us and a related mortgage of approximately $5.6 million. In contemplation of this transaction, we forgave the loan outstanding of $1.7 million from TCP Campus in May 2014. The impact of this exchange and loan forgiveness was recorded to equity since the transaction occurred between entities under common control. The annual mortgage payments on the assumed facility are $0.5 million through May 2017, with interest at 5.97%, and a lump sum payment of $5.1 million due in May 2017.

On July 1, 2014, we completed an initial public offering pursuant to our Registration Statement on Form S-1, in which we issued 7,142,858 common shares at a public offering price of $11.00 per share. The estimated aggregate net proceeds raised were $69.8 million after deducting underwriter discounts and commissions of $5.5 million and estimated other offering expenses of $3.3 million. There has been no material change in the planned use of proceeds from our initial public offering as described in the Prospectus included within the above mentioned registration statement.

Certain of our operating subsidiaries are restricted in their ability to pay dividends. The ability of our Chinese operating subsidiaries to pay dividends may be restricted due to foreign exchange control policies in the People's Republic of China. The Chinese yuan is subject to exchange control regulation in China, and, as a result, we may be unable to distribute any dividends outside of China due to exchange control regulations that restrict our ability to convert Chinese yuan into U.S. dollars. Additionally, our revolving line of credit agreement contains certain restrictive covenants that, among other things, restrict non-tax related distributions. The total restricted portion of our net assets at December 31, 2013 was $18.3 million.

We believe our existing cash and cash equivalents, short-term debt borrowings and the existing line of credit, along with the proceeds from our initial public offering, will be sufficient to meet our working capital requirements for at least the next twelve months.

Cash Flows

Following is a summary of our cash flows for the six months ended June 30, 2014 and 2013:

	Six Months Ended June 30,	
	2014	2013
Net cash used in by operating activities	$ (12,286)	$ (19,756)
Net cash used in investing activities	(9,063)	(5,662)
Net cash provided by financing activities	15,551	16,629
Effect of exchange rate changes on cash and cash equivalents	(14)	313
Decrease in cash and cash equivalents	$ (5,812)	$ (8,476)

Net Cash Used in Operating Activities

Net cash used in operating activities was $12.3 million for the six months ended June 30, 2014 compared with $19.8 million for the six months ended June 30, 2013. The use of cash in the six months ended June 30, 2014 was due to an increase in accounts receivable of $24.7 million largely attributable to timing of sales and a decrease in accrued and other liabilities of $4.1 million largely due to payment of customer rebates, employee bonuses and income taxes. These uses of cash were partially offset by earnings of $5.9 million and a decrease in inventory of $2.4 million due to our efforts to reduce inventory levels. During the six months ended June 30, 2013, inventories increased $30.4 million due to the expansion of our LED product offerings that was financed in part by a $20.7 million increase in accounts payable, accounts receivable increased $10.8 million largely due to sales growth, accrued and other liabilities decreased $5.7 million largely due to payment of customer rebates, employee bonuses and income taxes, and prepaid expenses and other assets increased $2.5 million mainly due to the timing of VAT refunds.

Net Cash Used in Investing Activities

Net cash used in investing activities was $9.1 million for the six months ended June 30, 2014 compared with $5.7 million for the six months ended June 30, 2013, an increase of $3.4 million. The incremental cash used in investing activities in the six months ended June 30, 2014 was primarily due to an increase in our restricted cash balances of $3.3 million related to our increased use of bankers' acceptances to pay our suppliers.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2014 principally was due to net bank borrowings of $16.2 million to finance our working capital, namely the increase in accounts receivable and the payment of customer rebates and income taxes. Net cash provided by financing activities for the six months ended June 30, 2013 principally was due to net bank borrowings of $17.3 million to finance our increase in working capital, largely related to the growth in inventory to support the expansion of our LED offerings.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, other than operating leases entered into in the ordinary course of our business, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that may be material to investors.

Capital Expenditures

We had no material commitments for capital expenditures as of June 30, 2014.

Contractual Obligations

Refer to Liquidity and Capital Resources included in Part I, Item 2 included herein which describes the increase in short-term bank loans and the revolving line of credit and a description of the elimination of the TCP Campus financing liability and the assumed mortgage in conjunction with our acquisition all of the membership interests of TCP Campus.

Critical Accounting Policies and Estimates and Recently Issued Accounting Pronouncements

The condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. These estimates form the basis for judgments management makes about the carrying values of the Company's assets and liabilities, which are not readily apparent from other sources. The Company bases its estimates and judgments on historical experience and on various other assumptions that management believes are reasonable under the circumstances. On an ongoing basis, the Company evaluates its estimates and assumptions. Actual results may differ from these estimates under different assumptions or conditions.

Share-based Compensation. Share-based compensation awards are valued at fair value, as determined using the closing price of our shares on the New York Stock Exchange on the grant date. The Company recognizes share-based compensation expenses on a straight-line basis over the requisite service periods of each award, net of estimated forfeitures. Forfeitures are estimated based on our past experience of employee turnover.

There have been no material changes to the Company's critical accounting policies and estimates and recently issues accounting pronouncements as compared to the critical accounting policies and estimates and recently issues accounting pronouncements described in the Prospectus, other than the policy described herewith above.

Recent Accounting Pronouncements

Refer to Note 2 to the Condensed Consolidated Financial Statements included in Part I, Item 1 included herein for a discussion of recent accounting pronouncements and their effect on us.

Forward-Looking Statements

The Company has made forward-looking statements in this Quarterly Report on Form 10-Q within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties that may cause actual results to differ materially from those that we expect. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "anticipates," "believes," "contemplates," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "target" or "will" or the negative of these words or other similar terms or expressions that concern the Company's expectations, strategy, plans or intentions. The Company claims the protection of the Safe Harbor for Forward-Looking Statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements.

Forward-looking statements are not guarantees of performance. The following important factors, in addition to those discussed elsewhere in this Quarterly Report on Form 10-Q, could affect our the future results and could cause those results or other outcomes to differ materially from those expressed or implied our forward-looking statements:

- changes in the competitive and technological environment in our industry, particularly with respect to LED and CFL technologies;
- changes in legislation that phases out inefficient lamp technologies;
- our relationship with retail and third-party distributors;
- the cost and availability of raw materials, including phosphor, and components for our lighting products;
- regulatory requirements and approvals for our current and future lighting products;
- global economic conditions, which affect end user demand for our lighting products;
- changes in China's economic, political and social conditions, Chinese labor supply and Chinese labor regulations;
- fluctuations in the value of the foreign currencies in countries in which we have operations, including China (yuan), Canada (Canadian dollar), the Netherlands (Euro), United Kingdom (pound sterling), Brazil (Real) and Switzerland (Swiss franc) versus the U.S. dollar;
- our ability to protect our intellectual property and avoid infringing on others' intellectual property; and
- our expected treatment under Swiss and U.S. federal tax legislation and the impact that Swiss tax and corporate legislation may have on our operations.

Because forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Undue reliance should not be placed on such statements, which speak only as of the date of this document or the date of any document that may be incorporated by reference into this document.

Consequently, readers of this Quarterly Report on Form 10-Q should consider these forward-looking statements only as the Company's current plans, estimates and beliefs. The Company does not undertake and specifically declines any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. The Company undertakes no obligation to update or revise any forward-looking statements in this Quarterly Report on Form 10-Q to reflect any new events or any change in conditions or circumstances.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to several financial risks, including, among others, market risk (changes in exchange rates, changes in interest rates and market prices), concentration risk and commodity risk. Our principal liabilities consist of bank loans and trade payables. The main purpose of these liabilities is to provide the necessary funding for our operations. We have various financial assets such as trade receivables and cash and cash equivalents. Our cash and cash equivalent instruments are held at high quality financial institutions and managed such that there is no significant concentration of credit risk in any one bank or other financial institution. Our management closely monitors the credit quality of the financial institutions in which we hold deposits.

Currency risk. Our reporting currency is the U.S. dollar. We have operations in the United States and Canada, Asia, EMEA and Latin America. As a result of our investments in entities that have functional currencies other than the U.S. dollar, we face exchange translation risk and our results can be affected by currency movements. Substantially all of our products are manufactured in China. Since our current sales mix is weighted heavily toward our market in the United States and Canada, our operating results may become subject to significant fluctuations based upon changes in currency exchange rates of the U.S. dollar principally against the Chinese yuan and to a lesser extent the U.S. dollar against the Canadian dollar and Euro. Accordingly, currency exchange rate fluctuations may adversely affect our financial results in the future. For example, a hypothetical 10% increase or decrease of the Chinese yuan against the U.S. dollar during the year ended December 31, 2013 would have impacted our operating income negatively or positively, respectively, by $2.2 million. We currently do not engage in any currency hedging activities.

Interest rate risk. We are exposed to interest rate risk related to our variable-rate debt. As of June 30, 2014, the annual interest rate of our LIBOR rate loans and the prime rate loans were 3.4% and 5.5%, respectively. Potential movement of the LIBOR rate and the prime rate by +/- 1% would increase or decrease interest expense and cash paid for interest on an annualized basis by $0.4 million based on the balance outstanding under our revolving credit agreement at June 30, 2014.

We are also exposed to interest rate risk related to our fixed-rate bank debt in Asia due to their short-term maturity and our intention to refinance these borrowings. As of June 30, 2014, we had $102.9 million of outstanding short-term bank loans primarily with various Chinese banks. The weighted average interest rate on these loans as of June 30, 2014, was 4.5%. Potential movement of the weighted average interest rate of +/-1%, on a theoretical refinancing of these loans, would increase or decrease interest expense and cash paid for interest on an annualized basis by $1.0 million based on the balance outstanding at June 30, 2014.

Concentration risk. We are exposed to concentration risk due to our concentration of business activity with The Home Depot and Walmart, which were our only customers that individually exceeded 10% of net sales in either the three or six months ended June 30, 2014 and 2013. Net sales to Walmart and The Home Depot accounted for 20.7% and 20.4%, respectively, of consolidated net sales for the three months ended June 30, 2014 and 20.6% and 19.4%, respectively, of consolidated net sales for the six months ended June 30, 2014. Net sales to Walmart and The Home Depot accounted for 11.6% and 30.3%, respectively, of consolidated net sales for the three months ended June 30, 2013 and 8.6% and 27.6%, respectively, of consolidated net sales for the six months ended June 30, 2013.

Commodity risk. The manufacturing of our products relies heavily on the availability and price of certain commodity materials including petroleum based plastics, copper, and rare earth metals, principally phosphors. As of June 30, 2014 the cost of phosphors of was approximately ¥321/kg ($52/kg) compared with ¥408/kg ($67/kg) as of December 31, 2013. We purchase some of our raw materials from several small suppliers who have demonstrated consistent quality of materials and reliability of delivery as to the quantities required and delivery times. We purchase our materials at spot prices in the open market and we do not negotiate long-term supply contracts. We currently do not engage in hedging transactions for the purchase of raw materials.

Item 4. Controls and Procedures.

(a) Disclosure controls and procedures.

As required by Rule 13a-15(b) and Rule 15d-15(e) of the Securities Exchange Act of 1934, the Company's management, including the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining effective disclosure controls and procedures, as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. As of June 30, 2014, an evaluation was performed under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that disclosure controls and procedures as of June 30, 2014 were effective in ensuring information required to be disclosed in the Company's SEC reports was recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information was accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting.

There have not been any changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) that occurred during the quarter ended June 30, 2014 that had materially affected, or were reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Refer to Note 8 of the Condensed Consolidated Financial Statements included in Part I, Item I of this Quarterly Report on Form 10-Q for a discussion of commitments and contingencies.

Item 1A. Risk Factors.

Certain factors may have a material adverse effect on our business, financial condition and results of operations. You should consider carefully the risks and uncertainties described below, in additions to other information contained in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and related notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business.

Risks Related to Our Business

Our industry is highly competitive. If we are not able to compete effectively, including against larger lighting manufacturers with greater resources, our business, financial condition and results of operations will be adversely affected.

Our industry is highly competitive. We face competition from vendors of traditional lighting technologies and from vendors of newer innovative products. The lighting industry is characterized by rapid technological change, short product lifecycles, frequent new product introductions and a competitive pricing environment. These characteristics increase the need for continual innovation and, as new technologies evolve, provide entry points for new competitors as well as opportunities for rapid share shifts. Our products compete with a number of existing products and our success depends on our ability to effectively compete in this global market. Many of our competitors, such as Philips, General Electric, OSRAM, Cree, and Acuity Brands are large, well-capitalized companies with significantly more resources than ours and they are able to spend more aggressively on product development, marketing, sales and other product initiatives.

Our ability to compete effectively in our markets depends upon our ability to distinguish our company and our products from our competitors and their products based on various factors, including, among others:

- breadth and quality of product offering;
- product pricing and cost competitiveness;
- access to distribution channels globally;
- customer orientation and strong customer relationships; and
- the success and timing of new product development.

To the extent we are unable to distinguish our products, our larger competitors and any other more innovative competitors may be able to capture our customers and reduce our opportunities for success, which will adversely affect our business, financial condition and results of operations.

The loss of our relationship with Walmart or The Home Depot, or a significant decline in either of their purchases, could have a material adverse effect on our business, our ability to distribute our products, and our financial condition and results of operations.

Net sales to Walmart and The Home Depot accounted for 20.6% and 19.4%, respectively, of our net sales for the six months ended June 30, 2014 and 13.0% and 31.4%, respectively, of our net sales for the year ended December 31, 2013. We do not have a long-term contract with, or any volume commitments from, Walmart or The Home Depot. Our sales have been and may continue to be materially affected by fluctuations in the buying patterns of Walmart or The Home Depot, and such fluctuations may result from general economic conditions, higher than anticipated inventory positions or other factors. A loss of Walmart or The Home Depot as a customer, or a significant decline in either of their purchases from us, could have a material adverse effect on our business, financial condition and results of operations and our ability to distribute our products.

Each such company may make decisions regarding its business undertakings with us that may be contrary to our interests, or may terminate its relationship with us altogether, which it may do at any time. In addition, if either company changes its business strategy, we may fail to maintain our relationship with such company. Furthermore, should either company face changes that decrease its customer base due to the economy or for any other reason, our sales could be materially and adversely affected.

Lighting products are subject to rapid technological changes. If we fail to accurately anticipate and adapt to these changes, the products we sell will become obsolete, and our business, financial condition and results of operations will be adversely affected.

Lighting products are subject to rapid technological changes and short product life cycles that often lead to price erosion and cause product obsolescence. Companies within the lighting industry are continuously developing new products with heightened performance and functionality, which puts pricing pressure on existing products and constantly threatens to make them, or causes them to be, obsolete. These trends are especially relevant for our LED lamp products, which have experienced, and are expected to continue to experience, very rapid technological improvement and cost declines compared with other current lamp technologies. Our typical product's life cycle is relatively short, generating lower average selling prices as the cycle matures. If we fail to accurately anticipate the introduction of new technologies, we may possess significant amounts of obsolete inventory that can only be sold at substantially lower prices and profit margins than we anticipated, which in turn may cause the stated value of our inventory to decline. In addition, if we fail to accurately anticipate the introduction of new technologies or are unable to develop the planned new technologies, we may be unable to compete effectively due to our failure to offer products most demanded by the marketplace. If any of these failures occurs, our business, financial condition and results of operations will be adversely affected.

If we are unable to increase production capacity for our products in a cost effective and timely manner or manage our operations and supply chain, we may incur delays in shipment and our sales and reputation in the marketplace could be harmed.

An important part of our business plan is the expansion of production capacity for our products. In order to fulfill anticipated demand for our products, we invest in capacity in advance of actual customer orders, typically based on preliminary, non-binding indications of future demand. As customer demand for our products changes, we must be able to adjust our production capacity, and manage our operations and supply chain, to meet demand while keeping costs down. Uncertainty is inherent within our facility and capacity expansion, and unforeseen circumstances could offset the anticipated benefits, disrupt our ability to provide products to our customers and impact product quality. Our ability to provide products to our customers in a cost effective and timely manner depends on a number of factors, including the following:

- our ability to effectively increase the automation of the manufacturing processes for our LED and CFL product lines;
- our ability to transition production among manufacturing facilities;
- our ability to properly and quickly anticipate customer preferences among lighting products;
- our ability to repurpose equipment from the production of one product to another;
- the availability of critical components and raw materials used in the manufacture of our products;
- the reliability of our inventory management systems and supply chain visibility tools;
- our ability to effectively establish and use adequate management information systems, financial controls and quality control procedures; and
- equipment failures, power outages, environmental risks or variations in the manufacturing process.

If we are unable to increase production capacity for our products in a cost effective and timely manner while maintaining adequate quality, we may incur delays in shipment or be unable to meet increased demand for our products, which could harm our sales and operating margins and damage our reputation and our relationships with current and prospective customers. In addition, even if we are able to increase production capacity in a cost-effective and timely manner while maintaining adequate quality, if we are not able to effectively manage our inventory, supply chain and our operations, there may be delays in the delivery of our products that could also result in the loss of customers. From time to time, in part due to the growth of our business, we have experienced some delays in delivering products demanded by certain of our customers. Finally, if demand does not increase at the rate forecast, we may not be able to reduce manufacturing expenses or overhead costs at the same rate as demand decreases, which could also result in lower margins and adversely affect our business, financial condition and results of operations.

The reduction or elimination of investments in, or incentives to adopt, LED, CFL and other energy efficient lighting or the elimination of, or changes in, policies, incentives or rebates in certain states or countries that encourage the use of LEDs, CFLs and other energy efficient lighting solutions over some traditional lighting technologies could cause the growing demand for our products to slow, which could materially and adversely affect our business, financial condition and results of operations.

Today, the upfront cost to consumers of LEDs, CFLs and other forms of lighting solutions exceeds the upfront cost for some traditional lighting technologies that provide similar lumen output in many applications. Some governments around the world, including the United States, China, the European Union, and Canada, have used policy initiatives and other regulations, including financial incentives and rebates to consumers from which we benefit, to accelerate the development and adoption of LEDs, CFLs and other forms of lighting solutions and other non-traditional lighting technologies that are seen as more environmentally friendly

compared with some traditional lighting technologies. Reductions in (including as a result of any budgetary constraints), or the elimination of, government investment and favorable energy policies could result in decreased demand for our products and decrease our sales, profits and margins. Further, if our products fail to qualify for any financial incentives or rebates or if restrictions by regulation of competitive products are removed, demand for our products may decrease, and our sales and profits may decrease.

The suspension of, repeal of or amendments to current requirements to phase-out energy inefficient lamp technologies by governments or the provision of government sponsored subsidies in our target geographies could impair our sales of energy efficient lamps in international markets.

Effective legislation in many countries that mandates energy efficiency standards for lamps represents an important driver to the growth in adoption of the energy efficient lamp technologies that we offer. The suspension of, repeal of or amendments to current laws or regulations banning inefficient lamp technologies in the United States and Canada, EMEA, Asia or Latin America could materially and adversely affect our business, financial condition and results of operations.

Any increase in the cost or disruption in the availability of the raw materials or key components utilized in our lighting products may adversely affect our business, financial condition and results of operations.

The lighting industry is subject to significant fluctuations in the cost and availability of raw materials and components. We rely on a number of third-party suppliers to provide certain raw materials and to manufacture certain of the components of our products and expect to continue to rely on such suppliers.

Our results of operations are directly affected by the cost of our raw materials, which could be affected by, among other things, general shortages in the marketplace and high price volatility. Our principal raw materials and components are phosphor, LED chips, plastic and aluminum. As a result of the significant portion of our cost of goods sold represented by these raw materials, our gross profit and margins could be adversely affected by changes in the cost of these raw materials if we are unable to pass the increases on to our customers. In recent years, the price of phosphor has experienced extreme volatility due to changes in the global supply of rare earth elements, the main raw material inputs for phosphor, particularly in China. More than 95% of the world's current supply of rare earth elements comes from China, which has enacted a policy to reduce its exports because of its rising domestic demand and new environmental restrictions. Given the volatility in the cost of phosphorous elements, there can be no assurance that prices will not increase in the future, potentially at significant rates. Such increases may adversely affect our business, financial condition and results of operations.

We depend on a limited number of suppliers for these and other raw materials. We do not have guaranteed supply arrangements with our suppliers and few alternative sources exist. Substitution of alternate raw materials could significantly change the performance of the lighting products that we manufacture. If the availability of any of these raw materials is limited, we may be unable to produce some of our products in the quantities demanded by our customers, which could have an adverse effect on plant utilization and our sales of products requiring such raw materials.

We depend on certain key suppliers for components that we require for our lighting products, and the loss of any of these suppliers could have an adverse effect on our business, financial condition and results of operations.

We depend on certain suppliers for certain key components that we require for our lighting products, including the LEDs for our LED-based lighting products. We do not have long-term contracts with these suppliers or any volume commitments from them. Our third-party suppliers may encounter problems obtaining materials required during their manufacturing processes due to a variety of reasons, any of which could delay or impede their ability to meet our demand for components. Our reliance on third-party suppliers also subjects us to additional risks that could harm our business, including, among others:

- we may not be able to obtain an adequate supply of our components in a timely manner or on commercially reasonable terms;
- our suppliers may be accused of infringing the intellectual property of third parties which, if upheld, could alter or inhibit their ability to fulfill our orders and meet our requirements; and
- our suppliers may encounter financial or other hardships unrelated to our demand, which could inhibit their ability to fulfill our orders and meet our requirements.

Finding a suitable alternate supply of required raw materials and components that meet our strict specifications and obtaining them in needed quantities may be a time-consuming process, and we may not be able to find an adequate alternative source of supply at an acceptable cost. Any significant interruption in the supply of these raw materials or components could have a material adverse effect on our business, financial condition and results of operations.

We occasionally experience component quality problems with suppliers, and our current suppliers may not deliver satisfactory components in the future.

We occasionally experience component quality problems with suppliers. We may experience quality problems with suppliers in the future, which could decrease our gross margin and profitability, lengthen our sales cycles, adversely affect our customer relations and future sales prospects and subject our business to negative publicity. Our suppliers, especially new suppliers, may make manufacturing errors that may not be detected by our quality assurance testing, which could negatively affect the efficacy or safety of our products or cause shipment delays due to such errors. Additionally, we sometimes satisfy warranty claims even if they are not covered by our general warranty policy as a customer accommodation. If we were to experience quality problems with certain components purchased from our key suppliers, these adverse consequences could be magnified, and our business, financial condition and results of operations could be materially adversely affected.

Our success is largely dependent upon the skills, experience and efforts of our senior management and the loss of their services could have a material adverse effect on our business, financial condition and results of operations.

Our continued success depends upon the continued availability, contributions, skills, experience and efforts of our senior management. We are particularly dependent on the services of Ellis Yan, our Chief Executive Officer. Ellis Yan has major responsibilities with respect to sales, product development and overall corporate administration. We do not have a formal succession plan in place for Ellis Yan. Our employment agreement with Ellis Yan does not guarantee his services for a specified period of time. All of the employment agreements with our senior management team may be terminated by the employee at any time. While all such agreements include non-competition and confidentiality covenants, there can be no assurance that such provisions will be enforceable or adequately protect us. The loss of the services of any of these persons might impede our operations or the achievement of our strategic and financial objectives, and we may not be able to attract and retain individuals with the same or similar levels of experience or expertise. Additionally, while we have key man insurance on the life of Ellis Yan, such insurance may not adequately compensate us for the loss of Ellis Yan. The loss or interruption of the service of members of our senior management, particularly Ellis Yan, or our inability to attract or retain other qualified personnel could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to execute our business strategy to expand the marketing, distribution and sale of our products, and if we are unable to effectively manage the associated risks, our ability to expand our business abroad could be impaired.

We commenced sales activities in China in 2004, EMEA in 2010 and Latin America in 2011, and we expect to continue to expand our sales outside of the United States and Canada as part of our core business strategy. The marketing, distribution and sale of our products in these markets may expose us to a number of risks, including:

- fluctuations in currency exchange rates;
- increased costs associated with maintaining the ability to understand the local markets and follow their trends;
- failure to develop products that work under the various voltage standards that can differ from region to region;
- failure to maintain effective marketing and distributing presence in various countries;
- failure to provide adequate customer service and support in these markets;
- failure to develop appropriate risk management and internal control structures tailored to overseas operations;
- difficulty and cost relating to compliance with the different commercial and legal requirements of the markets in which we offer or plan to offer our products;
- failure to obtain or maintain certifications for our products in these markets;
- inability to obtain, maintain or enforce intellectual property rights;
- unanticipated changes in prevailing economic conditions and regulatory requirements;
- difficulty in employing and retaining sales personnel who are knowledgeable about, and can function effectively in, export markets; and
- trade barriers such as export requirements, tariffs and taxes.

Our multi-national sales, manufacturing and operations subjects us to risks associated with operating in global markets.

We are a global business. For 2011, 2012 and 2013, 10.2%, 11.6% and 17.6%, respectively, of our net sales were outside of the United States and Canada. We are incorporated in Switzerland. Most of our manufacturing facilities are located in China. We also

maintain offices in the United States, United Kingdom, Canada, Brazil, France, Germany and Japan. Global business operations are subject to inherent risks, including, among others:

- unexpected changes in regulatory requirements, tariffs and other trade barriers or restrictions;
- longer accounts receivable payment cycles and the difficulty of enforcing contracts and collecting receivables through certain non-U.S. legal systems;
- difficulties in managing and staffing operations;
- potentially adverse tax consequences;
- the burdens of compliance with the laws and regulations of a number of jurisdictions;
- import and export license requirements and restrictions of China, the United States and each other country in which we operate;
- exposure to different legal standards and reduced protection for intellectual property rights in some countries;
- currency fluctuations and restrictions;
- political, social and economic instability, including war and the threat of war, acts of terrorism, pandemics, boycotts, curtailment of trade or other business restrictions;
- periodic economic downturns in the markets in which we operate;
- customs clearance and transportation delays; and
- sales variability as a result of translating our non-U.S. sales into U.S. dollars.

Any of these factors may adversely affect our future sales outside the United States and, consequently, our business, financial condition and results of operations.

Fluctuations in currency exchange rates may significantly impact our results of operations and may significantly affect the comparability of our results between financial periods.

Our operations are conducted by subsidiaries in many countries. The results of operations and the financial position of these subsidiaries are reported in the relevant foreign currencies and then translated into U.S. dollars at the applicable exchange rates for inclusion in our consolidated financial statements. The main currencies to which we are exposed are the Euro, British pound sterling, Chinese yuan, Brazilian real and Swiss franc. The exchange rates between these currencies and the U.S. dollar in recent years have fluctuated significantly and may continue to do so in the future. A depreciation of these currencies against the U.S. dollar will decrease the U.S. dollar equivalent of the amounts derived from these operations reported in our consolidated financial statements and an appreciation of these currencies will result in a corresponding increase in such amounts. To the extent that we are required to pay for goods or services in foreign currencies, the appreciation of such currencies against the U.S. dollar will tend to negatively impact our results of operations. The steady appreciation of the Chinese currency versus the U.S. dollar over the past four years has increased the relative cost of our manufacturing to the extent we have used U.S. dollars or other currencies generated from our sales outside of China to purchase goods and services in China. In addition, currency fluctuations may affect the comparability of our results of operations between financial periods.

We do not hedge our currency exposure and, therefore, we incur currency transaction risk whenever we enter into either a purchase or sale transaction using a currency other than the local currency of the transacting entity. Given the volatility of exchange rates, there can be no assurance that we will be able to effectively manage our currency transaction risks or that any volatility in currency exchange rates will not have a material adverse effect on our business, financial condition or results of operations.

We may be exposed to fines, penalties or other sanctions if we do not comply with laws and regulations designed to combat government corruption in countries in which we sell our products, and any determination that we violated such laws and regulations could have a material adverse effect on our business, financial condition and results of operations.

We operate in some countries that have experienced significant levels of governmental corruption. Our employees, agents and contractors may take actions in violation of our policies and applicable laws and regulations that generally prohibit the making of improper payments to foreign government officials for the purpose of obtaining or keeping business, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA. Such violations, if they occur, could have an adverse effect on our business, financial condition and results of operations and reputation. Any failure by us to ensure that our employees and agents comply with the FCPA and other applicable laws and regulations in non-U.S. jurisdictions could result in substantial civil and criminal penalties or

restrictions on our ability to conduct business in certain non-U.S. jurisdictions, and our business, financial condition and results of operations could be materially and adversely affected.

We generally do not enter into long-term contracts with our customers, which could result in a disconnect between our production and sales.

We generally do not enter into long-term contracts with our customers. Rather, we sell our products to customers through purchase orders based on their current needs, which could result in a disconnect between our production and sales. As a result, we could experience periods during which our production exceeds the orders for our products, resulting in higher levels of inventory and of working capital employed in our business than would otherwise be required. We will also have to pay our fixed costs during such periods. We may not be able to timely find new customers, or increase orders from existing customers, in order to absorb our excess production and supplement our sales during these periods and we may not be able to recover our fixed costs as a result. Periods of no or limited purchase orders for our products could have a material adverse effect on our business, financial condition and results of operations.

Certification and compliance are important to adoption of our lighting products, and failure to obtain such certification or compliance may have an adverse effect on our business, financial condition and results of operations.

We are required to comply with certain legal requirements governing the materials used in our products and we submit to voluntary registration for the certification of some of our products. Certifications and compliance standards that we follow include UL, an independent organization that provides a UL mark on products that have passed testing and safety certification, and the efficiency requirements of ENERGY STAR®. The United States Environmental Protection Agency is implementing more rigorous ENERGY STAR® rating standards in the second half of 2014. If our products do not meet the new standards, our sales of any non-compliant products could decrease, which could have a material impact on our business. Any other amendments to existing requirements, or new requirements with which we cannot comply, may materially harm our sales. In addition, we cannot be certain that we will be able to obtain any such certifications for our new products or that, if certification standards are amended, we will be able to maintain certifications for our existing products. The failure to obtain such certifications or compliance may adversely affect our business, financial condition and results of operations.

We are subject to the SEC's new rules regarding the use and disclosure of "conflict minerals," which we expect will increase our operating and compliance costs. Our products may contain conflict minerals, which could harm our reputation and cause sales of our products to decline.

The SEC adopted its final rule implementing Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act concerning conflict minerals in August 2012. This rule requires us to: (1) determine whether conflict minerals (tin, tantalum, tungsten, gold or similar derivatives) are used in our products and, if so, determine if the minerals originated from the Democratic Republic of Congo (DRC) or its immediately adjoining countries; and (2) if so, to conduct due diligence regarding the source and chain of custody of these conflict minerals to determine whether the conflict minerals financed or benefitted armed groups. The rule will require us to submit forms and reports to the SEC by 2016 and annually thereafter that disclose our determinations and due diligence measures. We are currently conducting conflict minerals due diligence and are working toward the required deadline. Presently, we have not determined how many or if any of our supply chain partners use conflict minerals or how much expense our due diligence exercise will add to our operational cost. If we do not properly assess supply chain partners and appropriately control costs and budget for conflict minerals compliance, our results of operations and profitability in the future could suffer. In addition, if our products contain conflict minerals, sales of our products could suffer due to adverse public reaction, resulting in a decline in revenue and profitability.

Our products may contain defects or otherwise not perform as expected, which could reduce sales, result in costs associated with warranty or product liability claims or recall of those items, all of which could materially adversely affect our business, financial condition and results of operations.

The manufacturing of our products involves complex processes and defects have been, and could be, found in our existing or future products. These defects may cause us to incur significant warranty, support and replacement costs, and costs associated with recall may divert the attention of our engineering personnel from our product development efforts and harm our relationships with customers and our reputation in the marketplace. We generally provide limited warranties ranging from one to nine years on our products, and such warranties may require us to repair, replace or reimburse the end user for the purchase price of the product. Moreover, even if our products meet standard specifications, end users may attempt to use our products in applications they were not designed for or in products that were not designed or manufactured properly, resulting in product failures and creating customer dissatisfaction. Since the majority of our products use electricity, and our CFL lamps contain a small amount of mercury, it is possible that our products could result in injury or increased health risks, including the health risks associated with exposure to ultraviolet light

generated by mercury vapors, whether by product malfunctions, defects, improper installation or other causes. Particularly because our products often incorporate new technologies or designs, we cannot predict whether or not product liability claims will be brought against us. We may not have adequate resources in the event of a successful claim against us or a recall of a product. A successful product liability claim against us or a significant recall of a product that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages and could materially adversely affect our results of operations and financial condition. These problems could result in, among other things, a delay in the recognition or loss of sales, loss of market share or failure to achieve market acceptance. A significant product recall or product liability litigation could also result in adverse publicity, damage to our reputation and a loss of confidence in our products and adversely affect our business, financial condition and results of operations.

If we are unable to manage our anticipated sales growth effectively, our business, financial condition and results of operations could be adversely affected.

We intend to undertake a number of strategies in an effort to grow our sales. If we are successful, our sales growth may place significant strain on our limited resources, including our research and development, sales and marketing, operational and administrative resources. To properly manage any future sales growth, we must continue to improve our management, operational, administrative, accounting and financial reporting systems and expand, train and manage our employee base, which may involve significant expenditures and increased operating costs. We may not be able to effectively manage the expansion of our operations or recruit and adequately train additional qualified personnel. If we are unable to manage our anticipated sales growth effectively, the quality of our customer care may suffer, we may experience customer dissatisfaction, reduced future sales or increased warranty claims, and our expenses could substantially and disproportionately increase. Any of these circumstances could adversely affect our business, financial condition and results of operations.

We may engage in future acquisitions that could disrupt our business, divert management attention, increase our expenses or otherwise adversely affect our business, financial condition and results of operations.

In the future, we may acquire complementary businesses, products, technologies or other assets. If we engage in future acquisitions, we may not strengthen our competitive position or achieve any of our intended goals or synergies with respect to any such acquisition. In addition, any such acquisition may be viewed negatively by our customers, financial markets or investors. Furthermore, any such acquisition could pose challenges with respect to the integration of personnel, technologies and operations from the acquired businesses and in the retention and motivation of key personnel from such businesses. Acquisitions may also disrupt our ongoing operations, divert management's attention from day-to-day responsibilities, increase our expenses and otherwise adversely affect our business, financial condition and results of operations.

The marketing and distribution efforts of our third-party distributors may not be effective, which could negatively affect our ability to expand our business, particularly in the C&I channel.

We market and sell some of our products to third-party distributors in all of our sales regions, especially in the United States. We rely on these distributors to service end users, and our failure to maintain strong working relationships with such distributors could have a material adverse impact on our operating results and damage our brand reputation, particularly in the C&I channel. For the six months ended June 30, 2014, sales to our C&I customers were $98.8 million, or 46.2% of our net sales, and $165.8 million, or 38.7% of our net sales for the year ended December 31, 2013.

We do not control the activities of our distributors with respect to the marketing and sales of and customer service support for our products. Therefore, the reputation and performance of our distributors, the willingness of our distributors to sell our products and their ability to expand their businesses are essential to the future growth of our sales in the C&I channel and has a direct and material impact on our sales and profitability. Also, as with our retail customers, we do not have long-term purchase commitments from our distributor customers, and they can therefore generally cancel, modify or reduce orders with little or no notice to us. As a result, any reductions or delays in, or cancellations of, orders from any of our distributors may have a negative impact on our sales and budgeting process. Moreover, we may not be able to compete successfully against those of our competitors that have greater financial resources and are able to provide better incentives to distributors, which may result in reduced sales of our products or the loss of our distributors. The loss of any key distributor may force us to seek replacement distributors, and any resulting delay may be disruptive and costly.

If we are unable to obtain additional capital as needed in the future, our ability to grow our sales could be limited and we may be unable to pursue our current and future business strategies.

Our future capital requirements will depend on many factors, including the rate of our sales growth, our introduction of new products and services and enhancements to existing products and services, and our expansion of sales, marketing and product

development activities. In addition, we may consider acquisitions of product lines, businesses or technologies in an attempt to grow our business, which could require significant capital and could increase our capital expenditures related to future operation of the acquired business or technology. We may not be able to obtain additional financing on terms favorable to us, if at all, and, as a result, we may be unable to expand our business or continue to pursue our current and future business strategies. Additionally, if we raise funds through debt financing, we may become subject to additional covenant restrictions and we will incur increased interest expense and principal payments.

As a manufacturer or importer of goods containing mercury, we are subject to requirements in certain jurisdictions that we take back, recycle or otherwise manage lamps returned by our customers or that we pay for the costs of meeting such requirements.

Our CFL lamps contain a small amount of mercury. In the United States, certain states assess all manufacturers of mercury-containing lights that sell those lights into that state to pay costs incurred by the state to fund its program to collect, transport, process and recycle those lights. In certain instances, we have been unable to effectively recover this additional cost from our customers. It is possible that other states or jurisdictions into which we sell our CFLs will enact similar, or even more onerous, legislation. If such legislation becomes more widespread, our financial obligations under these programs could adversely affect our business, financial condition and results of operations. In addition, consumer resistance to the use of CFL lamps due to their mercury content may reduce our sales.

We own land use rights for industrial property in China, and if any environmental contamination is discovered, we could be responsible for remediation of the property.

We own our manufacturing and distribution facilities located in China. We purchased the land use rights for these properties from the Chinese government beginning in 2001. If environmental contamination is discovered at any of our facilities and we are required to remediate the property, our recourse against the prior owners may be limited. Any such potential remediation could be costly and could adversely affect our business, financial condition and results of operations.

The cost of compliance with environmental laws and regulations and any related environmental liabilities could adversely affect our business, financial condition and results of operations.

We are subject to laws and regulations governing, among other things, the use of chemicals, emissions to air, discharges to water, the remediation of contaminated properties and the generation, handling, collection, recycling, use, storage, transportation, treatment and disposal of and exposure to, waste and other materials, as well as laws and regulations relating to occupational health and safety and the content and manufacturing of our products. These laws and regulations are subject to change and becoming increasingly more stringent, and also vary depending on the jurisdictions in which our products are manufactured, transported, marketed and placed. The costs to comply with these laws or regulations can be substantial and any violation thereof can lead to substantial fines, penalties and other liabilities, which could adversely affect our business, financial condition and results of operations.

If our information technology systems fail, or if we experience an interruption in their operation or we are unable to protect them against cyber-based attacks or network security breaches, then our business, financial condition and results of operations could be materially adversely affected.

The efficient operation of our business is dependent on our information technology systems. We rely on those systems generally to manage the day-to-day operation of our business, manage relationships with our customers, maintain our research and development data and maintain our financial and accounting records. The failure of our information technology systems, our inability to successfully maintain and enhance our information technology systems or any compromise of the integrity or security of the data we generate from our information technology systems could adversely affect our results of operations, disrupt our business and product development and make us unable or severely limit our ability to respond to customer demands. In addition, our information technology systems are vulnerable to damage or interruption from:

- earthquake, fire, flood and other natural disasters;
- employee or other theft;
- attacks by computer viruses or hackers;
- power outages;
- cyber-based attacks or network security breaches; and
- computer systems, internet, telecommunications or data network failure.

Any interruption of our information technology systems, including security breaches, could result in decreased sales, increased expenses, increased capital expenditures, negative publicity, customer dissatisfaction and potential lawsuits or liability claims, any of which could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Intellectual Property

If we are unable to obtain and adequately protect our intellectual property rights, our competitive position could be harmed.

We consider certain aspects of our technology and processes proprietary. If we are not able to adequately protect or enforce the proprietary aspects of our technology, competitors may utilize our proprietary technology and our business, financial condition and results of operations could be harmed. We currently attempt to protect our technology through a combination of patent, copyright, trademark and trade secret laws, employee and third-party nondisclosure agreements and similar means. Despite our efforts, other parties may attempt to disclose, obtain or use our technologies. Our competitors may also be able to independently develop products that are substantially equivalent or superior to our products or design around our patents. In addition, the laws of some countries do not protect our proprietary rights as fully as do the laws of the United States. As a result, we may not be able to protect our proprietary rights adequately in the United States or abroad.

We own United States and non-U.S. patents and patent applications that relate to some of our products, systems, business methods and technologies. We offer no assurance about the degree of protection which existing or future patents may afford us. Likewise, we offer no assurance that our patent applications will result in issued patents, that our patents will be upheld if challenged, that competitors will not develop similar or superior business methods or products outside the protection of our patents, that competitors will not infringe on our patents or that we will have adequate resources to enforce our patents.

We also rely on unpatented proprietary technology. It is possible that others will independently develop the same or similar technology or otherwise learn of our unpatented technology. To protect our trade secrets and other proprietary information, we generally require employees, consultants, advisors and collaborators to enter into confidentiality agreements. We cannot assure you that these agreements will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of such trade secrets, know-how or other proprietary information. If we are unable to maintain the proprietary nature of our technologies, our business could be materially adversely affected.

Assertions by third parties of intellectual property infringement could result in significant costs and cause our operating results to suffer.

The markets in which we compete or plan to compete are characterized by rapidly changing products and technologies and there is intense competition to establish intellectual property protection and proprietary rights related to these products and technologies. The markets for LED, CFL and halogen lamps, in particular, are characterized by vigorous protection and pursuit of intellectual property rights and positions, which has resulted in protracted and expensive litigation for many companies, including us.

We may be required to obtain licenses for such third-party intellectual property. If we need to license any third-party intellectual property or other technology, we could be required to pay royalties on certain of our products. In addition, there can be no assurance that we will be able to obtain such licenses on commercially reasonable terms or at all. Our inability to obtain third-party intellectual property licenses on commercially reasonable terms or at all could harm our business, results of operations, financial condition and/or prospects.

We have in the past received, and may receive, notices that claim we have infringed upon the intellectual property of others. Even if these claims are not valid, they could subject us to significant costs. We have engaged in litigation and litigation may be necessary in the future to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation may also be necessary to defend against claims of infringement or invalidity by others. An adverse outcome in litigation or any similar proceedings could subject us to significant liabilities to third-parties, require us to license disputed rights from others or require us to cease marketing, selling or using certain products or technologies. For instance, in 2013 we entered into a settlement agreement with Koninklijke Philips N.V. (“Philips”) relating to a lawsuit alleging infringement of certain LED lighting-related patents pursuant to which we agreed to make certain scheduled payments to Philips over time in exchange for a license to use certain of Philips’ LED patents until the earlier of their respective expirations or December 31, 2028. We are also a defendant in a patent infringement lawsuit brought against us by GE Lighting Solutions, LLC. See Note 8 in the “Notes to Condensed Consolidated Financial Statements,” included in Part I, Item I of this Quarterly Report on Form 10-Q and Note 14 the audited consolidated financial statements included in our prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended, with the Securities and Exchange Commission on June 27, 2014. We may not be able to obtain licenses on acceptable terms, if at all. We also may have to indemnify certain customers if it is determined that we have infringed upon or misappropriated another party’s intellectual property. Any of these results could adversely affect our business, financial condition and results of operations. In addition, the cost of

addressing any intellectual property litigation claim, both in legal fees and expenses, and the diversion of management resources, regardless of whether the claim is valid, could be significant and could materially harm our business, financial condition and results of operations.

Our efforts to protect our intellectual property may be less effective in some countries where intellectual property rights are not as well protected as in the United States.

The laws of some countries do not protect proprietary rights to the same degree as the laws of the United States and there is a risk that our ability to protect our proprietary rights may not be adequate in these countries. Many companies have encountered significant problems in protecting their proprietary rights against copying or infringement in such countries, some of which are countries in which we intend to sell our products. In particular, the application of laws governing intellectual property rights in China is uncertain and evolving and could involve substantial risks to us. If we are unable to adequately protect our intellectual property rights in China, our attempts to penetrate the Chinese market may be harmed. In addition, our competitors in China and these other countries may independently develop similar technology or duplicate our products, even if unauthorized, which could potentially reduce our sales in these countries and harm our business, financial condition and results of operations.

The steps we have taken to protect our intellectual property may not be adequate, which could have a material adverse effect on our ability to compete in the market.

In addition to patents, we rely on confidentiality, non-compete, non-disclosure and assignment of inventions provisions, as appropriate, with our employees and consultants, to protect and otherwise seek to control access to, and distribution of, our proprietary information. These measures may not be adequate to protect our intellectual property from unauthorized disclosure, third-party infringement or misappropriation, for the following reasons:

- the agreements may be breached, may not provide the scope of protection we believe they provide or may be determined to be unenforceable;
- we may have inadequate remedies for any breach;
- trade secrets and other proprietary information could be disclosed to our competitors; or
- others may independently develop substantially equivalent or superior proprietary information and techniques or otherwise gain access to our trade secrets or disclose such technologies.

Specifically with respect to non-compete agreements, under current U.S. law, we may be unable to enforce these agreements, in whole or in part, and it may be difficult for us to restrict our competitors from gaining the expertise that our former employees gained while working for us.

If, for any of the above reasons, our intellectual property is disclosed or misappropriated, it could harm our ability to protect our rights and could have a material adverse effect on our business, financial condition and results of operations.

We may need to initiate lawsuits to protect or enforce our patents and other intellectual property rights, which could be expensive and, if we lose, could cause us to lose some of our intellectual property rights, which would harm our ability to compete in the market.

We rely on patents to protect a portion of our intellectual property and our competitive position. In order to protect or enforce our patent rights, we may initiate patent litigation against third-parties, such as infringement suits or interference proceedings. Any lawsuits that we initiate could be expensive, take significant time and divert management's attention from other business concerns, and the outcome of litigation to enforce our intellectual property rights in patents, copyrights, trade secrets or trademarks is highly unpredictable. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing. In addition, we may provoke third-parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, including attorney fees, if any, may not be commercially valuable. The occurrence of any of these events could harm our business, financial condition and results of operations.

Risks Related to Our Common Shares

There may be circumstances in which the interests of our major shareholders could be in conflict with your interests as a shareholder.

Upon completion of our initial public offering on July 1, 2014, Ellis Yan and Solomon Yan beneficially own 41.6% and 17.1% of our common shares, respectively. As a result of this ownership, Ellis Yan and Solomon Yan have a controlling influence on our

affairs and their voting power constitutes a quorum of our shareholders voting on any matter requiring the approval of our shareholders. Such matters include the nomination and election of directors, the issuance of additional shares of our capital stock or payment of dividends, the adoption of amendments to our articles of association and organizational regulations and approval of mergers or sales of substantially all of our assets. In addition, Ellis Yan, Solomon Yan, the Lillian Yan Irrevocable Stock Trust and Cherry Plus Limited, our principal shareholders, have entered into a shareholders' agreement that provides for, among other things, these shareholders to vote their common shares in favor of certain board nominees designated by Ellis Yan and Solomon Yan.

Accordingly, this concentration of ownership may harm the market price of our common shares by, among other things:

- delaying, defending, or preventing a change of control, even at a per share price that is in excess of the then current price of our common shares;
- impeding a merger, consolidation, takeover, or other business combination involving us, even at a per share price that is in excess of the then current price of our common shares; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, even at a per share price that is in excess of the then current price of our common shares.

Ellis Yan and Solomon Yan may also cause corporate actions to be taken that conflict with the interests of our other shareholders.

If we fail to develop or maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, the Sarbanes-Oxley Act of 2002 and the listing standards of the NYSE. The requirements of these rules and regulations will have significant legal, accounting and financial compliance costs and place significant strain on our personnel, systems and resources.

The Sarbanes-Oxley Act of 2002 requires, among other things, that, as a public company, our principal executive officer and principal financial officer certify the effectiveness of our disclosure controls and procedures and, beginning with our second annual report as a public company, our internal controls over financial reporting. As an emerging growth company, we are not required to comply with the provision of the Sarbanes-Oxley Act of 2002 that requires our independent registered public accounting firm to attest to management's assessment of our internal control over financial reporting, once such assessment would otherwise be required, for so long as we remain an emerging growth company.

Beginning with our Annual Report on Form 10-K for the year ended December 31, 2015, we will be required to furnish a report by management on the effectiveness of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. We continue to develop and refine our disclosure controls and procedures and our internal control over financial reporting required to comply with this obligation. Material weaknesses in our disclosure controls or our internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of management evaluations of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures or ineffective internal control over financial reporting could also cause investors to lose confidence in our reported financial information, which may have a negative effect on the trading price of our common shares.

The trading price of our common shares may be volatile, and purchasers of our common shares could incur substantial losses.

The market price of our common shares may fluctuate significantly as a result of a number of factors, including:

- fluctuations in our financial performance;
- economic and stock market conditions generally and specifically as they may impact us, participants in our industry or comparable companies;
- changes in financial estimates and recommendations by securities analysts following our common shares or comparable companies;
- earnings and other announcements by, and changes in market evaluations of, us, participants in our industry or comparable companies;
- our ability to meet or exceed any future earnings guidance we may issue;

- changes in business or regulatory conditions affecting us, participants in our industry or comparable companies;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements or implementation by our competitors or us of acquisitions, technological innovations or new products, or other strategic actions by our competitors; or
- sales of a substantial number of our common shares, or a perception that such sales might occur, or the sale of stock by our management team, directors or principal shareholders.

These and other factors could negatively affect the liquidity of our common shares, and you could lose all or part of your investment.

We do not anticipate paying cash dividends on our common shares and any return on investment may be limited to the value of our common shares.

We do not anticipate paying cash dividends on our common shares. Under Swiss law, dividends may be paid out only if we have sufficient distributable profits from the previous fiscal year, or if we have freely distributable reserves, each as will be presented within our audited annual stand-alone statutory financial statements. Dividend payments out of current year earnings or the share capital are not allowed. The affirmative vote at a shareholders' meeting of a majority of the votes represented (excluding unmarked, invalid and non-exercisable votes, which includes broker non-votes) must approve distributions of dividends. Our board of directors may propose at the shareholders' meeting that a dividend be paid, but cannot itself authorize the dividend. In addition, there are legal restrictions on the payment of dividends from our Bermuda and Chinese subsidiaries to pay dividends to us, and our revolving line of credit restricts the ability of our U.S. and Canadian subsidiaries from paying dividends to us. These restrictions affect our ability, as a holding company, to pay dividends to our shareholders.

Risks Related to Our Corporate Structure

We are incorporated in Switzerland and Swiss law governs our corporate affairs.

We are a corporation incorporated under the laws of Switzerland. Our place of incorporation is Cham, in the canton of Zug, Switzerland. The rights of holders of our common shares are governed by Swiss corporate law and by our articles of association. In particular, Swiss corporate law limits the ability of a shareholder to challenge resolutions or actions of our board of directors in court. Shareholders generally are not permitted to file a suit to reverse a decision or action by directors but are permitted to seek damages for breaches of fiduciary duty. Shareholder claims against a director for breach of fiduciary duty would, as a matter of Swiss law, have to be brought at our place of incorporation in Cham, Switzerland, or at the domicile of the involved director. Shareholders filing a suit in a Swiss court will be required to post a bond to cover court costs and, where the plaintiff is not domiciled in Switzerland or is insolvent, may also be required to include in the bond additional amounts for party indemnification. Under Swiss law the losing party pays court costs. The amounts of these bonds will depend upon the value in litigation and may be substantial, therefore preventing or discouraging a shareholder from bringing a suit against the company or the directors in Switzerland. In addition, under Swiss law, any claims by shareholders against us must be brought exclusively at our place of incorporation.

Swiss law contains provisions that could prevent or delay an acquisition of our company by means of a tender offer, a proxy contest or otherwise.

Swiss law contains provisions that could prevent or delay an acquisition of us by means of a tender offer, a proxy contest or otherwise. These provisions may also adversely affect prevailing market prices for the shares. These provisions, among other things:

- provide that a merger or demerger transaction requires the affirmative vote of the holders of at least two-thirds of the shares represented at the meeting and the majority of the par value of the shares represented and, if the merger contract provides for the possibility of a so-called "cashout" or "squeeze-out" merger, the merger resolution requires the consent of at least 90% of the outstanding shares entitled to vote at the meeting;
- provide that any action required or permitted to be taken by the holders of shares must be taken at a duly called annual or extraordinary general meeting of shareholders; and
- limit the ability of our shareholders to amend or repeal some provisions of our articles of association.

Our status as a Swiss corporation means shareholders enjoy certain rights that may limit our flexibility to raise capital, issue dividends and otherwise manage ongoing capital needs.

Swiss law requires our shareholders to authorize increases in our share capital, and such authorizations are of limited duration. Additionally, subject to specified exceptions, Swiss law grants preemptive rights to existing shareholders to subscribe for new

issuances of shares. Prior to the consummation of our initial public offering, our shareholders waived their preemptive rights to shares they already owned, and our Board of Directors withdrew any preemptive rights for any shares in the initial public offering to which they would have otherwise been entitled. Swiss law also does not provide as much flexibility in the various terms that can attach to different classes of shares as do the laws of some other jurisdictions. Swiss law requires shareholder approval for many corporate actions over which a board of directors would have authority in some other jurisdictions. For example, dividends must be approved by shareholders. These Swiss law requirements relating to our capital management may limit our flexibility, and situations may arise where greater flexibility would have provided benefits to our shareholders.

We are a Swiss company and it may be difficult for you to obtain or enforce judgments against us or our senior management and directors in the United States.

We are organized under the laws of Switzerland. Our place of incorporation is Cham in the canton of Zug, Switzerland. Most of our assets are located outside the United States. Furthermore, a number of our directors and executive officers reside outside the United States and a portion of their assets are located outside the United States. Ellis Yan, our Chief Executive Officer, resides in the United States while Solomon Yan, our President, resides in China. As a result, investors may find it difficult to effect service of process within the United States upon us or these persons or to enforce outside the United States judgments obtained against us or these persons in U.S. courts, including judgments in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Likewise, it may also be difficult for an investor to enforce in U.S. courts judgments obtained against us or these persons in courts located in jurisdictions outside the United States, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. It may also be difficult for an investor to bring an original action in a Swiss court predicated upon the civil liability provisions of the U.S. federal securities laws against us or these persons.

Our organizational regulations provide that directors and officers, past and present, are entitled to indemnification from us arising in connection with the performance of their duties and permit us to advance the expenses of defending any act, suit or proceeding to our directors and officers. Although there is doubt as to whether U.S. courts would enforce such a provision in an action brought in the United States under U.S. securities laws, such provision could make enforcing judgments obtained outside Switzerland more difficult to enforce against our assets in Switzerland or in jurisdictions that would apply Swiss law.

Risks Related to Doing Business in China

Changes in China's economic, political and social conditions could have a material adverse effect on our business, financial condition and results of operations.

We conduct our manufacturing operations in China. Accordingly, our business, financial condition, results of operations and prospects are significantly dependent on the economic, political and social conditions in China. The Chinese economy differs from the economies of developed countries in many respects, including the degree of government involvement, level of development, growth rate, control over foreign exchange, access to financing and allocation of resources. While China's economy has experienced significant growth over the past 30 years, the growth has been uneven across different regions and periods and among various economic sectors in China. Moreover, sustained economic growth in China over the past few years has resulted in a general increase in labor costs, and the inflationary environment that has led to employee discontent, which could result in materially higher compensation costs being paid to employees. We cannot assure you that the ongoing evolution of economic, political and social conditions in China would not lead to events which may materially reduce our sales and profitability.

The Chinese economy has been transitioning from a planned economy to a more market-oriented economy. Nonetheless, a substantial portion of the productive assets in China continues to be owned by the Chinese government. The Chinese government's control of these assets and other aspects of the national economy could materially and adversely affect our business. The Chinese government exercises significant control over China's economic growth through the allocation of resources, control over payment of foreign currency-denominated obligations, implementation of monetary policy and provision of preferential treatment to particular industries or companies. In recent years, the Chinese government has implemented a number of measures, such as raising required bank reserves against deposit rates, which have placed additional limitations on the ability of commercial banks to make loans, and raising interest rates in order to decrease the growth rate of specific sectors of China's economy that the government believed to be overheating. Such actions, as well as other Chinese policies, may materially and adversely affect our liquidity and access to capital as well as our ability to operate our business.

Fluctuations in the value of the yuan against the U.S. dollar may adversely affect our business, financial condition and results of operations.

The value of the yuan against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. The conversion of the yuan into foreign currencies,

including the U.S. dollar, has historically been based on exchange rates set by the People's Bank of China. Since 2005, China started to allow its currency to fluctuate within a managed margin. On June 20, 2010, the People's Bank of China announced that the Chinese government would further reform the yuan exchange rate regime and increase the flexibility of the exchange rate. In March 2011, in a statement about the central bank's plan for China's five-year plan running from 2011 to 2015, the People's Bank of China reiterated a long-standing description of exchange policy to keep the yuan basically stable while strengthening its flexibility. In 2014, China further liberalized the margin by which it allows the yuan exchange rate to fluctuate.

Currency exchange gains (losses) result from fluctuations in foreign currency exchange rates for financial assets and liabilities that are denominated in a currency other than the local currency in the subsidiary in which a transaction occurs. Currency exchange gains (losses) arise from the monthly revaluation of these assets (cash and accounts receivable) and liabilities (accounts payable) from the date acquired or incurred through the final settlement date. Substantially all of our currency exchange losses are related to the settlement of intercompany inventory sales from our Chinese subsidiaries, which are denominated in U.S. dollars. Fluctuations in foreign currency exchange rates between the U.S. dollar and Chinese yuan will result in the recognition of currency exchange gains or losses, as the case may be, depending on the movement of foreign exchange rates from the date of inventory purchase to the settlement date.

We do not hedge our exposure to fluctuations in exchange rates, including the exchange rate between the U.S. dollar and the yuan. Appreciation or depreciation in the value of the yuan relative to the U.S. dollar would affect our financial results, which are reported in U.S. dollars, without reflecting any underlying change in our business or results of operations. Fluctuations in the exchange rate will also affect the relative value of earnings from and the value of any U.S. dollar-denominated investments that we may make in the future. Fluctuations in the exchange rate will also affect our relative purchasing power of the proceeds of our initial public offering.

A disruption at our manufacturing facilities could materially adversely affect our business, financial condition and results of operations.

Our manufacturing operations for our products are based in Zhenjiang, China, Huaian, China, Yangzhou, China and Shanghai, China. The operation of these facilities involves many risks, including equipment failures, natural disasters, industrial accidents, power outages and other business interruptions. Our existing business interruption insurance and third-party liability insurance to cover claims in respect of personal injury or property or environmental damage arising from accidents on our properties or relating to our operations may not be sufficient to cover all risks associated with our business. As a result, we may be required to pay for financial and other losses, damages and liabilities, including those caused by natural disasters and other events beyond our control, out of our own funds, which could have a material adverse effect on our business, financial condition and results of operations.

In recent years, certain regions of China have been experiencing a labor shortage as migrant workers and middle level management seek better wages and working conditions elsewhere. This trend of labor shortages is expected to continue and will likely result in increasing wages as companies seek to keep their existing work forces. In addition, substantial competition in China for qualified and capable personnel, particularly experienced engineers and technical personnel, may make it difficult for us to recruit and retain qualified employees at our China facilities, which would adversely affect our profitability as well as our reported net income. No assurance can be given that we, or any of our customers in China, will not experience labor disturbances related to working conditions, wages or other reasons. Any labor shortages, strikes and other disturbances may adversely affect our future operating results and result in negative publicity and reputational harm. Any interruption in our ability to manufacture or distribute our products could result in lost sales, limited sales growth and damage to our reputation in the market, all of which would adversely affect our business, financial condition and results of operations.

The enforcement of the Labor Contract Law, the Social Insurance Law and other labor-related regulations in China may increase our costs and decrease our net income.

China adopted the Labor Contract Law, effective January 1, 2008, and issued its implementation rules, effective September 18, 2008. The Labor Contract Law and related rules and regulations impose more stringent requirements on employers with regard to, among other things, minimum wages, severance payments, non-fixed term employment contracts, time limits for probation periods, as well as the duration and the times that an employee can be placed on a fixed term employment contract. Compliance with the Labor Contract Law and its rules and regulations has resulted in an increase in our operating expenses, particularly our labor costs, and we expect that continued compliance with the Labor Contract Law and its implementation rules and regulations will further increase our operating expenses. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules and regulations may limit our ability to effect those changes in a manner that we believe to be cost effective or desirable, could result in a decrease in our profitability and could adversely affect our business, financial condition and results of operations.

In addition, we are required by PRC laws and regulations to pay various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. On October 28, 2010, China promulgated the China Social Insurance Law, which came into effect on July 1, 2011. Under the law, an employer that fails to pay a social insurance contribution in full and on time will be penalized at a rate of 0.05% of the outstanding payment per day starting from the date of default. On default of payment by the due date, an additional penalty may be charged between 100% to 300% of the late payment of the social insurance premiums. As a result, failure to make the statutorily required social insurance contribution will subject the Chinese subsidiaries to severe penalties or incur significant liabilities in connection with labor disputes or investigations, our business and results of operations may be adversely affected. We accrue expenses quarterly and have recognized a liability on our balance sheet relating to potential payments to be made under the China Social Insurance Law; our potential exposure under the China Social Insurance Law could be in excess of the amount that we have already recognized for this liability.

Uncertainties presented by the Chinese legal system could limit the legal protections available to us and subject us to legal risks, which could have a material adverse effect on our business, financial condition and results of operations.

Our operations in China are subject to applicable Chinese laws, rules and regulations. The Chinese legal system is a system based on written statutes. Prior court decisions may be cited for reference but have little value as precedents. Additionally, Chinese statutes are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade.

However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because some of these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the Chinese legal system is based in part on government policies and internal rules, some of which may not be published on a timely basis or at all, and some of which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since Chinese administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to predict the outcome of administrative and court proceedings and the level of legal protection in China than in more developed legal systems. These uncertainties may also impede our ability to enforce the contracts we have entered into in China. As a result, these uncertainties could have a material adverse effect on our business, financial condition and results of operations.

We may elect to finance our operations in part from dividends and other distributions on equity paid by our subsidiaries, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our business, financial condition and results of operations.

We are a holding company and we may elect to finance our operations in part from dividends from our subsidiaries in China for our cash requirements, including any debt we may incur. Current Chinese regulations permit our Chinese subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our subsidiaries in China is required to set aside at least 10% of its respective after-tax profits each year, if any, to a statutory reserve account until the accumulated amount of such reserves reaches 50% of its registered capital. A PRC company is not permitted to distribute any profits until any losses from prior years have been offset. These reserves are not distributable as cash dividends. Furthermore, if our Chinese subsidiaries incur debt, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. Our Chinese subsidiaries did not distribute any dividends in 2011, 2012 or 2013.

Under the Chinese Enterprise Income Tax Law, or the EIT Law and implementation regulation issued by State Council, a Chinese income tax at the rate of 10% is applicable to dividends paid by Chinese enterprises to “non-resident enterprises” (enterprises that do not have an establishment or place of business in China, or has such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) subject to the application of any relevant income tax treaty that China has entered into. Any dividend that we or any subsidiary considered a “non-resident enterprise” receives from our China subsidiaries will be subject to Chinese taxation at the 10% rate (or lower treaty rate). As our policy generally is to indefinitely reinvest the undistributed earnings of our foreign subsidiaries, we do not currently expect our Chinese subsidiaries to distribute dividends to TCP Hong Kong Limited (“TCP HK”) in the near future. Any limitation on the ability of our subsidiaries to distribute dividends or other payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be

beneficial to our businesses, pay dividends or otherwise fund and conduct our business and could have a material adverse effect on our business, financial condition and results of operations.

Chinese regulations relating to the establishment of offshore special purpose vehicle companies by Chinese residents may subject our Chinese subsidiaries to liability or penalties, limit our ability to inject capital into our Chinese subsidiaries, limit our Chinese subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

On October 21, 2005, the Chinese State Administration of Foreign Exchange, or SAFE, issued a "Notice on Certain Foreign Exchange Matters Concerning Fund Raising by Offshore Special Purpose Vehicle Companies of PRC Residents and Related Round-trip Investment," or SAFE Circular No. 75. On May 27, 2011, SAFE issued the Operating Instruction on Foreign Exchange Administration for Domestic Residents Engaging in Financing and Round Trip Investment Via Overseas Special Purpose Vehicles, or Circular No. 19. Circular No. 19 came into effect on July 1, 2011. On November 19, 2012, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting the Foreign Exchange Administration Policies on Direct Investment, or Circular No. 59, with effect from December 17, 2012. SAFE Circular No. 75, Circular No. 19 and Circular No. 59 are jointly referred to as the SAFE Notice. According to the SAFE Notice, a special purpose vehicle, or SPV, is an offshore special purpose company directly established or indirectly controlled by residents of China for the purpose of offshore investment with its assets or ownership rights consisting of Chinese enterprises. Under the SAFE Notice, residents of China are required to file with the competent local SAFE branch information about offshore companies in which they have invested, directly or indirectly, and to make follow-up filings in connection with certain material transactions involving such SPVs, such as increases or decreases in investment amount, transfers or exchanges of shares, mergers or divisions, long-term equity or debt investment, or external guarantees, or other material events that do not involve return investment. Under the SAFE Notice, failure to comply with the registration procedures set forth above could result in liability under Chinese law for foreign exchange evasion and may result in penalties and legal sanctions, including fines, the imposition of restrictions on a Chinese subsidiary's foreign exchange activities and its ability to distribute dividends to the SPV, its ability to pay the SPV proceeds from any reduction in capital, share transfer or liquidation in respect of the Chinese subsidiary and the SPV's ability to contribute additional capital into or provide loans to the Chinese subsidiary.

Circular No. 19 removes some major obstacles to round-trip investments and provides a remedy to cure prior non-compliant round-trip investment. In contrast with Circular of the General Affairs Department of the State Administration of Foreign Exchange on Issuing the Operational Rules for the State Administration of Foreign Exchange Circular on Relevant Issues concerning Foreign Exchange Administration of Company Financings and Roundtripping Investments via Overseas Special Purpose Companies [Huizongfa (2007) No. 106], or Circular No. 106, Circular No. 19 removes the deadline for outbound investment registration and allows registration for special purpose vehicles, or SPVs, after the establishment of SPVs and before carrying out round-trip investments. One of our founders, Solomon Yan, is a Chinese citizen. In 2007 and 2008, he exchanged his ownership in entities that are now our subsidiaries in China for ownership in TCP HK. If Solomon Yan's investment in the Chinese subsidiaries is deemed to be a round-trip investment pursuant to Circular No. 75 and Circular No. 19, Solomon Yan would be required to register with SAFE according to SAFE Circulars No. 75 and No. 19.

Many of the terms and provisions in the SAFE Notice remain unclear and implementation by central SAFE and local SAFE branches of the SAFE Notice have been inconsistent since their adoption. Therefore, the corresponding local counterparts of SAFE in different areas may have different opinions on whether Solomon Yan's investment in the Chinese subsidiaries through TCP HK is subject to the SAFE Notice. However, we have requested Solomon Yan to make the necessary applications and filings as required under the SAFE Notice with competent SAFE bureau in the PRC. Solomon Yan is preparing the application documents for the purpose of registration and filings with competent SAFE bureau. However, we cannot provide any assurances that Solomon Yan will be able to obtain such applicable registration required by the SAFE Notice or that, if challenged by government agencies, the structure of our organization fully complies with all applicable registrations or approvals required by the SAFE Notice. Moreover, because of uncertainty over how the SAFE Notice will be interpreted and implemented, and how or whether SAFE will apply it to us, we cannot predict how it will affect our business operations or future strategies. A failure by such PRC resident shareholder or future PRC resident shareholders to comply with the SAFE Notice or other related rules, if SAFE requires it, could restrict our overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

We do not have valid title certificates to use certain properties occupied by us in China, which may adversely affect our operations.

Properties occupied by our China subsidiaries in China primarily consist of factory buildings, warehouses, ancillary buildings and offices. Any dispute or claim in relation to the title to the properties occupied by us, including any litigation involving allegations of illegal or unauthorized use of these properties, may result in us having to relocate our business operations and may materially and adversely affect our operations, financial condition, reputation and future growth. In addition, there can be no assurance that the Chinese government will not amend or revise existing property laws, rules or regulations to require additional approvals, licenses or

permits, or to implement stricter requirements to obtain or maintain the title certificates required for the properties occupied by our China subsidiaries.

We own certain buildings in China, with an aggregate gross floor area of approximately 665,000 square feet, for which we have not obtained title ownership certificates. As to the buildings without title certificates, among which: (i) we have obtained construction approvals and certificates for approximately 215,000 square feet, accounting for approximately 10.0% of the aggregate gross floor area of our properties, and we are not aware of any legal impediments to obtaining the title ownership certificates to such properties; (ii) approximately 30,000 square feet, accounting for approximately 1.6% of the aggregate gross floor area of our properties, are ancillary buildings which do not have a material effect on our operations; and (iii) the properties for which we have not obtained any construction approvals and certificates are approximately 420,000 square feet, accounting for approximately 19.6% of the aggregate gross floor area of our properties. We use these properties for operations as manufacturing and warehouse facilities.

The operations we conduct on these title defective properties may be adversely affected as a result of the absence of valid legal title. For example, we may be required to seek alternative premises for our business operations, which may lead to disruptions in our business operations.

Proceedings instituted by the SEC against five Chinese-based accounting firms, including an affiliate of our independent registered public accounting firm, could result in our financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In late 2012, the SEC commenced administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese affiliates of the "big four" accounting firms (including the Chinese affiliate of our auditor). The Rule 102(e) proceedings initiated by the SEC relate to these firms' inability to produce documents, including audit work papers, in response to the request of the SEC pursuant to Section 106 of the Sarbanes-Oxley Act of 2002, as the auditors located in China are not in a position lawfully to produce documents directly to the SEC because of restrictions under Chinese law and specific directives issued by the China Securities Regulatory Commission. The issues raised by the proceedings are not specific to our auditor, their affiliate or to us, but affect equally all audit firms based in China and all businesses with significant PRC operations with securities listed in the United States. Our Chinese subsidiaries are audited by the Chinese affiliate of KPMG LLP, as part of such firm's audit of our company.

In January 2014, the administrative judge reached an initial decision that the "big four"-affiliated accounting firms should be barred from practicing before the Commission for six months. However, it is currently impossible to determine the ultimate outcome of this matter as the accounting firms have filed a petition for review of the initial decision and, pending that review, the effect of the initial decision has been suspended. The SEC Commissioners will review the initial decision, determine whether there has been any violation and, if so, determine the appropriate remedy to be placed on these audit firms. Once such an order is made, the accounting firms would have a further right to appeal to the U.S. Federal courts, and the effect of the order might be further stayed pending the outcome of that appeal.

Depending upon the final outcome of this process, listed companies in the United States with major Chinese operations, including us, may find it difficult or impossible to retain auditors in respect of their operations in China, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about the proceedings against these audit firms may cause investor concerns regarding U.S. listed companies with major Chinese operations and the market price of our common shares may be adversely affected.

Risks Related to Taxation

We are subject to income taxes in Switzerland, China, the United States and many other jurisdictions throughout the world.

We are subject to a variety of tax laws throughout the world. While we believe we take reasonable positions on the tax returns filed throughout the world, some of these positions may be challenged during income tax audits in Switzerland, China, the United States and other jurisdictions. Consequently, significant judgment is required in evaluating our tax positions to determine our ultimate tax liability. Management records current tax liabilities based on U.S. GAAP, including the more-likely-than-not recognition and measurement standard and the assumption that all uncertain tax positions will be identified in the relevant examination. Our management believes that the estimates reflected in the consolidated financial statements accurately reflect our tax liabilities under these standards. However, our actual tax liabilities ultimately may differ from those estimates if we were to prevail in matters for which accruals have been established or if taxing authorities were to challenge successfully the tax treatment upon which our management has based its estimates. Income tax expense includes the impact of tax reserve positions and changes to tax reserves that are considered appropriate, as well as any related interest and penalties.

We may become subject to unanticipated tax liabilities.

We may be subject to income, withholding or other taxes in certain jurisdictions by reason of our activities and operations, and it is also possible that taxing authorities in any such jurisdictions could assert that we are subject to greater taxation than we currently anticipate. For example, it is possible that the U.S. Internal Revenue Service (the IRS) could assert that a portion of our income is effectively connected with our conduct of a trade or business in the United States and, if a treaty applies, attributable to a permanent establishment situated in the United States, which income would then be subject to U.S. federal income tax and potentially branch profits tax. If we become subject to a significant amount of unanticipated tax liabilities, our business could be adversely affected.

We will be a controlled foreign corporation, or CFC, for U.S. federal income tax purposes.

We will be treated as a CFC for U.S. federal income tax purposes for the 2014 tax year, and we may be treated as a CFC in subsequent years. Treatment as a CFC will result in adverse U.S. federal income tax consequences for a U.S. Holder who directly or indirectly owns at least 10% of the total combined voting power of our voting stock.

We may be or become a passive foreign investment company, or PFIC, for U.S. federal income tax purposes.

Although we were not a PFIC for the taxable year 2013 and do not anticipate being treated as a PFIC for U.S. federal income tax purposes for the 2014 tax year or the foreseeable future, no assurances can be given in this regard. Because PFIC status is determined on an annual basis, we may or may not be treated as a PFIC in subsequent years due to changes in our assets or business operations. If we are a PFIC for any year, such characterization could result in adverse U.S. federal income tax consequences to investors who are U.S. persons.

We may be required to make certain cash payments to the former shareholders of Technical Consumer Products Inc. (TCP US) pursuant to a Tax Indemnity Agreement between TCP US and such shareholders.

On November 30, 2011, TCP US entered into a Tax Indemnity Agreement with Ellis Yan and the Lillian Yan Irrevocable Stock Trust, the former shareholders of TCP US, pursuant to which it agreed to make cash payments to each of them in the event that they incur additional U.S. federal, state or local income taxes as the result of a tax audit or other administrative or judicial proceeding affecting TCP US with respect to a taxable year in which TCP US was treated as an S corporation for U.S. federal or applicable state or local income tax purposes. The current tax years remaining subject to audit that are covered by this agreement are 2009 (for state tax purposes) and 2010 (for state and federal tax purposes). Such payments would be made within 120 days after a determination relating to such tax audit or other administrative or judicial proceeding, and shall be in such amounts as are necessary for Ellis Yan and the Lillian Yan Irrevocable Stock Trust to receive, on an after-tax basis, an amount equal to any additional federal, state and local income taxes payable by them as a result of such determination, including interest, penalties and additions to tax, less any related estimated reduction in federal, state and local income taxes payable by them for a subsequent taxable year in which TCP US was classified as an S corporation.

There is a risk that we could be treated as a U.S. domestic corporation for U.S. federal income tax purposes, which could result in a significantly greater U.S. federal income tax liability.

Section 7874(b) of the Internal Revenue Code of 1986, as amended (the "Code"), generally provides that a corporation organized outside the United States that acquires, directly or indirectly, pursuant to a plan or series of related transactions, substantially all of the assets of a corporation organized in the United States will be treated as a domestic corporation for U.S. federal income tax purposes if shareholders of the acquired corporation, by reason of owning shares of the acquired corporation, own at least 80% of (either the voting power or the value of) the stock of the acquiring corporation after the acquisition. If Section 7874(b) were to apply to us as a result of the transfer of TCP US to us on December 30, 2010, then, among other things, we, as the acquiring corporation, would be subject to U.S. federal income tax on our worldwide taxable income as if we were a domestic corporation. However, Ellis Yan and the Lillian Yan Irrevocable Stock Trust owned less than 60% of our stock after the transfer of TCP US, and a substantial portion of the stock was acquired for consideration other than their ownership interests in TCP US. We have received an opinion from one of our tax advisers, a nationally recognized accounting firm, that Section 7874(b) of the Code should not apply to treat us as a domestic corporation as a result of the transfer of TCP US to us. There can be no assurance that the Internal Revenue Service would agree with this conclusion, however, and we have not sought a ruling from the Internal Revenue Service on this issue.

Future changes to tax laws could adversely affect us.

The Company is subject to the risk that changes to tax laws or changes to the treaties between Switzerland and other jurisdictions in which we operate, such as the United States-Switzerland tax treaty, may adversely affect the U.S. federal, state, local and/or non-U.S. income tax consequences of the Company's investments and activities. Changes in existing tax laws, regulations, tax treaties and their interpretation may be enacted, possibly on a retroactive basis, and could alter the U.S. federal, state, local and/or non-

U.S. income tax consequences of the Company, its subsidiaries, their investments and/or activities. For example, recent legislative proposals would expand the scope of U.S. corporate tax residence. In addition, the U.S. Congress, the Organization for Economic Co-operation and Development, and other government agencies in jurisdictions where we do business have had an extended focus on issues related to the taxation of multinational corporations, and there are several current legislative proposals that, if enacted, would substantially change the U.S. federal income tax system as it relates to the taxation of multinational corporations. As a result, the tax laws in the U.S. and other countries in which we do business could change on a prospective or retroactive basis, and any such changes could materially and adversely affect us.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Use of Proceeds

On June 25, 2014, our Registration Statement on Form S-1 (File No. 333-196129) was declared effective by the SEC for our initial public offering pursuant to which we sold 7,142,858 common shares at a price to the public of $11.00 per share. In addition, we granted our underwriters an option to purchase up to an additional 1,071,428 of common shares, which option was not executed. The offering commenced on June 26, 2014 and did not terminate before all the securities registered in the Registration Statement were sold. Deutsche Bank Securities and Piper Jaffray acted as joint book-running managers for the offering. Canaccord Genuity and Cowen and Company acted as co-managers. On July 1, 2014, we closed the sale of such securities, resulting in net proceeds to us of approximately $69.8 million after deducting underwriting discounts and commissions of $5.5 million and other offering expenses of approximately $3.3 million. In connection with our initial public offering, no payments were made by us to directors, officers or persons owning ten percent or more of our common shares or to their associates or to our affiliates. There has been no material change in the planned use of proceeds from our initial public offering as described in the Prospectus included within the above mentioned registration statement.

Working Capital Restrictions

Refer to Liquidity and Capital Resources included in Part I, Item 2 of this Quarterly Report on Form 10-Q for a discussion of working capital restrictions.

Item 3. Defaults Upon Senior Securities.

Not applicable

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

None

Item 6. Exhibits.

See Exhibit Index following the signature page for exhibits filed with this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TCP INTERNATIONAL HOLDINGS LTD.

By: /s/ Brian Catlett
Brian Catlett
Chief Financial Officer and Treasurer
(Principle Financial Officer and Principal Accounting Officer)

Date: August 8, 2014

EXHIBIT INDEX	DESCRIPTION
3.1	Registrant's Amended and Restated Articles of Association
3.2	Registrant's Amended and Restated Organizational Regulations
10.1	Shareholders Agreement among Ellis Yan, Solomon Yan, the Lillian Yan Irrevocable Stock Trust, and TCP International Holdings Ltd., dated March 21, 2012, as amended June 24, 2014
10.2	Registration Rights Agreement among Ellis Yan, Solomon Yan, the Lillian Yan Irrevocable Stock Trust, and TCP International Holdings Ltd., dated March 21, 2012, as amended June 24, 2014
31.1	Certification of Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* XBRL (Extensible Business Reporting Language) information is furnished and not filed herewith, is not a part of a registration statement or Prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

Exhibit 3.1

ARTICLES OF ASSOCIATION

OF

TCP INTERNATIONAL HOLDINGS LTD.

I. General Provisions

Article 1. Corporate Name, Registered Office

Under the corporate name

TCP International Holdings Ltd.
(TCP International Holdings AG)

a Corporation exists pursuant to art. 620 et seq. of the Swiss Code of Obligations (hereinafter "CO") having its registered office in Cham / ZG. The duration of the Corporation is unlimited.

Article 2. Purpose

The Corporation is a holding company of an international group of companies active in the manufacturing, distribution, sales, and marketing of energy efficient light bulbs, lighting and related businesses. As such the Corporation performs strategic, financial and management functions for the Corporation itself and also with respect to the entire Group.

The Corporation may open branch offices and subsidiaries in Switzerland and abroad. The Corporation may also provide financing for its own or for third parties' account as well as provide guarantees for subsidiaries and third parties.

The Corporation may acquire, hold, encumber and sell real estate.

The Corporation may also engage in any commercial, financial or other activities that are related to the purpose of the Corporation, and conduct all activities of a company listed on a U.S. stock exchange and registered with the U.S. Securities and Exchange Commission.

II. Capital

Article 3. Share Capital

The share capital of the Corporation amounts to CHF 20'553'430 and is divided into 20' 553'430 registered shares with a par value of CHF 1.00 per share. The share capital is fully paid-in.

Article 4. Authorized Share Capital

The Board of Directors is authorized to increase the share capital, in one or several steps until June 16, 2016, by a maximum amount of CHF 10'276'715 by issuing a maximum of 10'276'715 fully paid-up registered shares with a par value of CHF 1.00 per share. An increase of the share

capital (i) by means of an offering underwritten by a financial institution, a syndicate of financial institutions or another third party or third parties followed by another to the then-existing shareholders of the Corporation and (ii) in partial amounts shall be permissible.

The Board of Directors shall determine the time of the issuance, the issue price, the manner in which the new shares have to be paid-up, the date from which the shares carry the right to dividends, the conditions for the exercise of the preemptive rights and the allotment of the preemptive rights that have not been exercised. The Board of Directors may allow the preemptive rights that have not been exercised to expire, or it may place such rights or shares which have not been exercised, at market conditions or use them otherwise in the best interest of the Corporation.

The Board of Directors is authorized to withdraw or limit the preemptive rights of the shareholders and to allot them to third parties for the following reasons:

(a) for the acquisition of an enterprise, part(s) of an enterprise or participations, or for the financing or refinancing of any of such transactions, or for the financing of the Corporation; or

(b) for purposes of broadening the shareholder constituency of the Corporation in certain financial or investor markets, for purposes of the participation of strategic partners, or in connection with the listing of new shares on domestic or foreign exchanges; or

(c) for purposes of granting an over-allotment option to purchase up to 15% of the total number of shares in a placement or sale of shares to the respective initial purchasers or underwriters; or

(d) for purposes of issuing shares to members of the Board of Directors, members of the Executive Management (who shall be determined by the Board of Directors in compliance with the Organizational Regulations), employees, contractors, consultants or other persons providing services to the Corporation or its subsidiaries under a stock incentive plan as adopted by the Board of Directors.

Preemptive rights of the shareholders that have not been exercised by the shareholders or withdrawn or limited by the Board of Directors may be allotted by the Board of Directors to other shareholders or to third parties in its discretion.

Shares issued hereunder shall be subject to the limitations for registration in the share register pursuant Article 6 of these Articles of Associations.

Article 5. Conditional Share Capital

(1) The share capital may be increased in an amount not to exceed CHF 10'276'715 through the issuance of up to 10'276'715 fully paid-up registered shares with a par value of CHF 1.00 per share through, as follows:

(a) in an amount not to exceed CHF 2'776'715 through the issuance of up to 2'776'715 fully paid-up registered shares with a par value of CHF 1.00 per share through the exercise of conversion, exchange, option, warrant or similar rights for the subscription of shares granted to third parties or shareholders in connection with bonds, options, warrants or other securities newly or already issued in national or international capital markets, private placements or new or already existing contractual obligations by or of the Corporation, one of its subsidiaries, or any of their respective predecessors (hereinafter collectively, the "Rights-Bearing Obligations"); and/or

(b) CHF 7'500'000 through the issuance of up to 7'500'000 fully paid-up registered shares with a par value of CHF 1.00 per share through the issuance of shares or Rights-Bearing Obligations granted to members of the Board of Directors, members of the Executive Management (who shall be determined by the Board of Directors in compliance with the Organizational Regulations), employees, contractors, consultants or other persons providing services to the Corporation or its subsidiaries.

(2) The preemptive rights of the shareholders shall be excluded in connection with the issuance of any Rights-Bearing Obligations. The then-current owners of such Rights-Bearing Obligations shall be entitled to subscribe for the new shares issued upon conversion, exchange or exercise of any Rights-Bearing Obligations. The conditions to the exercise of the Rights-Bearing Obligations shall be determined by the Board of Directors.

(3) The Board of Directors shall be authorized to withdraw or limit the advance subscription rights of the shareholders for Rights-Bearing Obligations in connection with the issuance by the Corporation or one of its group companies if (1) the issuance is for purposes of the acquisition of an enterprise, part(s) of an enterprise or participations, or for the financing or refinancing of any of such transactions, or for the financing of the Corporation or, (2) the issuance occurs in national or international capital markets or through a private placement

If the advance subscription rights are not granted directly nor indirectly by the Board of Directors, the following shall apply:

(a) the Rights-Bearing Obligations shall be issued or entered into at market conditions;

(b) the conversion, exchange or exercise price of the Rights-Bearing Obligations shall be set with reference to the market conditions prevailing at the date on which the Rights-Bearing Obligations are issued; and

(c) the Rights-Bearing Obligations may be converted, exchanged or exercised during a maximum period of 30 years from the date of the relevant issuance or entry.

The preemptive rights and advance subscription rights of the shareholders shall be excluded in connection with the issuance of any shares and Rights-Bearing Obligations pursuant to Article 5 para 1(b) of these Articles of Association. Shares or Rights-Bearing Obligations shall be issued to any of the persons referred to in Article 5 para 1(b) of these Articles of Association in accordance with one or more benefit or incentive plans of the Corporation. Shares may be issued to any of the persons referred to in Article 5 para 1(b) of these Articles of Association at a price lower than the current market price quoted on the stock exchange on which the shares are traded, but at least at par value.

The new shares acquired through the exercise of Rights-Bearing Obligations shall be subject to the limitations for registration in the share register pursuant to Article 6 of these Articles of Association.

Article 6. Share Register

The Corporation shall maintain, itself or through a third party, a share register that lists the surname, first name, address and citizenship (in the case of legal entities, the company name and company seat) of the holders and usufructuaries of the shares as well as the nominees. The Corporation or the third party maintaining the share register on behalf of the Corporation shall be entitled to request at the time of the entry into the share register from the Person requesting such entry appropriate evidence of that person's title to the shares. A person recorded in the share register shall notify the share registrar of any change in address. Until such notification shall have occurred, all written communication from the Corporation to persons of record shall be deemed to have validly been made if sent to the address recorded in the share register.

An acquirer of shares shall be recorded upon request in the share register as a shareholder with voting rights; provided, however, that any such acquirer expressly declares to have acquired the shares in its own name and for its own account, save that the Board of Directors may record nominees who hold shares in their own name, but for the account of third parties, as shareholders of record with voting rights in the share register of the Company. Beneficial owners of shares who hold shares through a nominee exercise the shareholders' rights through the intermediation of such nominee.

After hearing the registered shareholder concerned, the Board of Directors may cancel the registration of such shareholder as a shareholder with voting rights in the share register with retroactive effect as of the date of registration, if such registration was made based on false or misleading information. The relevant shareholder shall be informed promptly of the cancellation.

Article 7. Form of Shares

The Corporation may issue shares in the form of individual certificates, global certificates or uncertificated securities. Subject to applicable law, the Corporation may convert the shares from one form into another form at any time and without the approval of the shareholders. The Corporation shall bear all cost associated with any such conversion.

A shareholder has no right to request a conversion of the shares from one form into another form. Each shareholder may, however, at any time request a written attestation of the number of shares held by it as reflected in the share register.

If intermediated securities are administered on behalf of the Corporation or a shareholder by an intermediary, registrar, transfer agent, trust company, bank or similar entity (hereinafter the "Intermediary"), any transfer or grant of a security interest in such intermediated securities and the appurtenant rights associated therewith, in order for such transfer or grant of a security interest to be valid against the Corporation, requires the cooperation of the Intermediary.

If the Corporation decides to print and deliver share certificates, the share certificates shall bear the signatures of two duly authorized signatories of the Corporation, at least one of which shall be a member of the Board of Directors. These signatures may be facsimile signatures.

Article 8. Exercise of Rights

The Corporation recognizes only one proxy-holder per share.

Voting rights and associated rights may only be exercised in relation to the Corporation by a party entered in the share register as having the right to vote.

Each shareholder recorded in the share register as of the record date for the meeting is entitled to participate at the shareholders meeting and in any vote taken.

In order that the Corporation may determine the shareholders entitled to notice of or to vote at any shareholders meeting, the Board of Directors may fix a record date, which record date shall not be more than 20 days before the date of such meeting. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment or postponement of the meeting.

III. Organization

A. The General Meeting of Shareholders

Article 9. Authorities

The General Meeting of Shareholders (hereinafter "General Meeting") is the supreme corporate body of the Corporation. The ordinary General Meeting shall be held on an annual basis. The General Meeting has the following non-transferable powers:

1. to adopt and amend the Articles of Association;
2. to elect and recall the members and the Chairman of the Board of Directors and the members of the Compensation Committee;
3. to elect the Auditors;
4. to elect the Independent Proxy;
5. to approve the statutorily required annual management report, the annual accounts and the consolidated financial statements as well as to pass resolutions regarding the allocation of profits as shown on the balance sheet, in particular to determine the dividends;
6. to approve the compensation of the members of the Board of Directors and the Executive Management;
7. to grant discharge to the members of the Board of Directors; and
8. to pass resolutions regarding issues which are reserved to the General Meeting by law or by the Articles of Association or which are presented to it by the Board of Directors.

Article 10. Meetings and Quorum

The ordinary General Meeting shall be held annually within six months after the close of the business year at such time and such location which may be within or outside Switzerland as determined by the Board of Directors.

Extraordinary General Meetings shall be held in the circumstances provided by law, in particular when deemed necessary or appropriate by the Board of Directors or if so requested by the Auditors. The Meeting may be held in one or more locations simultaneously.

An extraordinary General Meeting shall also be convened by the Board of Directors upon resolution of a General Meeting or if so requested by one or more shareholders who, in the aggregate, represent at least one-tenth of the share capital recorded in the Commercial Register and who submit (1) a request signed by such shareholder(s) that specifies the item(s) to be included on the agenda and (2) the respective proposals of the shareholders.

The General Meeting may validly pass resolutions and carry out elections if at least 1/3 of the votes of the shares and par values registered in the Company's share register with voting rights are present or represented at the General Meeting.

Article 11. Convening

Notice of a General Meeting shall be given by the Board of Directors or, if necessary, by the Auditors, no later than 20 days prior to the meeting date. Notice of the General Meeting shall be given by way of a one-time publication in the official means of publication of the Corporation as provided in Article 33. The notice period shall be deemed to have been observed if notice of the meeting is published in the official means of publication of the Corporation as provided in Article 33, whereby the date of publication is not calculated when computing the period.

The notice of a General Meeting shall state the items on the agenda and the proposals of the Board of Directors and of the shareholders who requested that a General Meeting be held or that an item be included on the agenda and, in case of elections, the names of the nominated candidates.

Article 12. Agenda

The Board of Directors shall state the matters on the agenda.

One or more shareholders whose combined shareholdings represent an aggregate par value of at least CHF 1,000,000 may request that an item be included on the agenda of a General Meeting.

An inclusion of an item on the agenda must be requested in writing at least 30 calendar days prior to the anniversary date of the Corporation's proxy statement in connection with the previous year's General Meeting, as filed with the U.S. Securities and Exchange Commission (hereinafter the "SEC") pursuant to the applicable rules of the SEC, and shall specify in writing the relevant agenda items and proposals, together with evidence of the required shareholdings recorded in the share register; provided, however, that if the date of the General Meeting is more than 30 calendar days before or after such anniversary date, such request must instead be made at least by the 10th calendar day following the date on which the Corporation has made public disclosure of the date of the General Meeting.

No resolutions may be passed at a General Meeting concerning agenda items for which no proper notice was given. This provision shall not apply, however, to proposals made during a General Meeting to convene an extraordinary General Meeting or to initiate a special audit.

No prior notice is required to bring motions related to items already included on the agenda, and for debates as to matters on which no vote is to be taken.

Article 13. Chair, Minutes

The General Meeting shall be chaired by the Chairman of the Board of Directors, or, in his absence, by another member of the Board of Directors or by an alternative chairman elected for that day by the General Meeting.

The Chairman designates a Secretary for the minutes as well as a designee to count the votes who need not be shareholders. The minutes have to be signed by the Chairman and by the Secretary.

The acting Chairman of the General Meeting shall have all powers and authority necessary and appropriate to ensure the orderly conduct of the General Meeting.

Article 14. Independent Proxy

The Independent Proxy shall be elected by the General Meeting for a term of office expiring after completion of the next ordinary General Meeting.

Re-election of the Independent Proxy is permitted.

If the Corporation does not have an Independent Proxy, the Board of Directors shall appoint the Independent Proxy for the next General Meeting.

Article 15. Resolutions

Each share is entitled to one vote.

Each shareholder may be represented at the General Meeting by another person, including the Independent Proxy. Neither the representative nor the Independent Proxy need be a shareholder.

The General Meeting shall pass its resolutions and carry out its elections with an absolute majority of the share votes represented, to the extent that neither the law nor the Articles of Association provide otherwise.

If an election cannot be completed upon the first ballot, there shall be a second ballot at which the relative majority shall decide (whereby abstentions, broker non-votes, blank or invalid ballots and withdrawals shall be disregarded for purposes of establishing the majority).

Unless otherwise required by law, resolutions and elections at the General Meeting shall be decided by open vote, unless a secret ballot is resolved by the General Meeting or is ordered by the Chairman of the General Meeting. The Chairman of the General Meeting may also hold resolutions and elections in electronic form. Electronic resolutions and elections shall be treated in the same manner as resolutions and elections by ballot.

Article 16. Required Approval for Certain Actions

The approval of at least two-thirds of the votes and of the absolute majority of the nominal value of shares (where the Corporation has issued shares with different nominal values) represented at a General Meeting shall be required for resolutions with respect to:

1. a modification of the purpose of the Corporation set forth in Article 2;
2. the creation of dual-class common stock;
3. restrictions on the transfer of registered shares and the removal of such restrictions;
4. restrictions on the exercise of the right to vote and the removal of such restrictions;
5. an authorized or conditional increase in share capital;
6. an increase in share capital through the conversion of capital surplus, through a contribution in kind or in exchange for an acquisition of assets, or a grant of special privileges (as defined in CO Art. 650 para 2, 2.) upon a capital increase;
7. the restriction or denial of preemptive rights (other than permitted in Articles 4 and 5);
8. a change of the place of incorporation of the Corporation;
9. the conversion of registered shares into bearer shares and vice versa;
10. the dissolution of the Corporation; and
11. any change, amendment or cancellation of Article 37 or Article 38 of these Articles of Association.

B. The Board of Directors

Article 17. Election, Constitution

The Board of Directors shall consist of at least three but not more than nine members. The members of the Board of Directors shall, as a rule, be individually elected by the ordinary General Meeting in each case for a term of office of one year. The term of office of a member of the Board of Directors shall, subject to prior resignation and removal, expire upon the day of the next ordinary General Meeting.

The members of the Board of Directors may be re-elected without limitation.

Except for the election by the General Meeting of the Chairman of the Board of Directors and the members of the Compensation Committee, who shall all be members of the Board of Directors, the Board of Directors shall organize itself. It shall appoint a Secretary who need not be a member of the Board of Directors.

If the office of the Chairman of the Board of Directors is vacant, the Board of Directors shall appoint a new Chairman from among its members for the remaining term of office that would otherwise have been held by the original Chairman of the Board of Directors.

Article 18. Ultimate Direction, Delegation

The Board of Directors is entrusted with the ultimate direction of the Corporation as well as the supervision of the management of the Corporation. It represents the Corporation towards third parties and attends to all matters which are not delegated to or reserved for another corporate body of the Corporation by law, the Articles of Association or the organizational regulations (hereinafter the "Organizational Regulations").

The Board of Directors may entrust the management and the representation of the Corporation wholly or in part to one or several persons, committees or members of the Board of Directors or third parties who need not be shareholders of the Corporation. The Board of Directors shall enact the Organizational Regulations and arrange for the appropriate contractual relationships.

Article 19. Duties

The Board of Directors has the following non-transferable and irrevocable duties:

1. to ultimately direct the Corporation and issue the necessary directives;
2. to determine the Corporation's organizational structure;
3. to determine the Corporation's accounting, financial control principles, and financial planning;
4. to appoint and recall the persons entrusted with the management and representation of the Corporation and to grant signatory power for the Corporation;
5. to ultimately supervise the persons entrusted with the management of the Corporation, in particular with respect to compliance with the law and with the Articles of Association, the Organizational Regulations and directives;
6. to prepare the business report and the compensation report;
7. to arrange for the General Meeting and to implement the latter's resolutions;
8. to inform the competent court in the event of overindebtedness as defined in CO Art. 725 para 2;
9. to pass resolutions regarding the subsequent contributions in respect of shares that are not fully paid-in;
10. to pass resolutions confirming increases in share capital and regarding the amendments to the Articles of Association entailed thereby; and

11. to approve any agreements to which the Corporation is a party relating to mergers, demergers, transformations and/or transfers of assets, to the extent required under the Swiss Merger Act.

Article 20. Organization, Minutes

Except as otherwise set forth in the Organizational Regulations, the attendance quorum necessary for the transaction of the business of the Board of Directors shall be a simple majority of all members of the Board of Directors. No attendance quorum shall be required for resolutions of the Board of Directors providing for the confirmation of a capital increase or for the amendment of the Articles of Association in connection therewith.

The Board of Directors shall pass its resolutions with the majority of the votes cast by the Directors present at a meeting at which the attendance quorum of the previous paragraph of this Article 20 is satisfied.

Minutes shall be kept of the deliberations and resolutions of the Board of Directors. The minutes shall be signed by the Chairman and the Secretary of the Board of Directors.

C. Compensation Committee

Article 21. Number of Members; Term of Office; Organization

The Compensation Committee shall consist of at least three independent members of the Board of Directors

The members of the Compensation Committee shall be elected individually by the General Meeting for a term of office until completion of next ordinary General Meeting. Members of the Compensation Committee whose term of office has expired shall be immediately eligible for re-election.

If there are vacancies on the Compensation Committee, the Board of Directors shall appoint substitutes from amongst its members for the remaining term of office of the applicable departed member.

The Board of Directors shall elect a Chairman of the Compensation Committee. It shall, within the limits of the law and the Articles of Association, determine the organization of the Compensation Committee in regulations.

Article 22. Powers of the Compensation Committee

The Compensation Committee shall support the Board of Directors in establishing, approving and/or periodically reviewing the Corporation's compensation strategy, guidelines and performance criteria and shall prepare proposals to be made to the General Meeting regarding the compensation of the members of the Board of Directors and of Executive Management. The Compensation Committee may submit proposals and recommendations to the Board of Directors in other compensation-related issues. The Compensation Committee shall have the tasks, and dispose of the authority to make resolutions and submit proposals in accordance with the

Organizational Regulations and pursuant to any regulations or charter governing the Compensation Committee.

The Board of Directors may delegate further tasks and powers to the Compensation Committee.

D. The Auditors and the Special Auditors

Article 23. Period of Office, Powers and Duties

The Auditors, which shall be elected by the General Meeting, shall have the powers and duties vested in them by law.

The General Meeting may appoint a special auditing firm entrusted with the examinations required under applicable law in connection with capital increases (Art. 652f, 653f and 653i CO).

The term of office of the Auditors and (if appointed) the special auditors shall commence on the day of election, and, with respect to the Auditors, shall terminate on the first ordinary General Meeting following their election or, with respect to the special auditors, shall terminate one year after their appointment.

IV. Compensation of the Board of Directors and of the Executive Management

Article 24. Approval of Compensation by General Meeting

The General Meeting shall approve annually and separately the proposals of the Board of Directors in relation to the maximum aggregate amount of:

a) compensation of the Board of Directors for the period until the next ordinary General Meeting;

b) compensation of the Executive Management for the following financial year.

The Board of Directors may submit for approval by the General Meeting deviating or additional proposals relating to the same or different periods.

In the event the General Meeting has rejected a proposal of the Board of Directors, the Board of Directors shall determine the respective maximum aggregate amount or maximum partial amounts of compensation, provided that:

a) the Board of Directors takes into account:

(i) the proposed maximum aggregate amount of compensation;

(ii) the decision of the General Meeting and, to the extent known to the Board of Directors, the main reasons for the negative vote; and

(iii) the Corporation's compensation principles; and

b) the Board of Directors submits the amount(s) so determined to approval or ratification by the same General Meeting, a subsequent extraordinary General Meeting, or the next ordinary General Meeting.

Notwithstanding the preceding paragraph, the Corporation or companies controlled by it may pay out compensation prior to approval by the General Meeting subject to (i) subsequent approval by a General Meeting and (ii) claw-back in case of rejection.

Article 25. Supplementary Amount for changes on the Executive Management

If the maximum aggregate amount of compensation already approved by the General Meeting is not sufficient to also cover compensation of one or more members who become members of the Executive Management during a compensation period for which the General Meeting has already approved the compensation of the Executive Management, the Corporation or companies controlled by it shall be authorized to pay to such member(s) a supplementary amount during the compensation period(s) already approved. The total supplementary amount shall not exceed 200% of the aggregate amount of compensation of the Executive Management last approved by the General Meeting per compensation period.

Article 26. General Compensation Principles

Compensation of the non-executive members of the Board of Directors comprises fixed compensation elements only.

Compensation of the Executive Management comprises fixed and variable compensation elements. Fixed compensation constitutes the base salary and may include other compensation elements and benefits. Variable compensation may comprise short-term and long-term compensation elements, and may be subject to caps expressed as predetermined multipliers of the respective target levels.

Short-term compensation elements are governed by performance metrics that take into account the performance of the Corporation and/or parts thereof, targets in relation to the market, to other companies or to comparable benchmarks and/or individual targets, and achievement of which is generally measured based on a one-year period. The annual target level of the short-term compensation elements is determined as a percentage of the base salary; depending on achieved performance, the compensation may amount up to a predetermined multiplier of target level.

Long-term compensation elements are governed by performance metrics that take into account strategic objectives of the Corporation that are generally measured on a multiannual period. The annual target level of the long-term compensation elements is determined as a percentage of the base salary; depending on achieved performance, the compensation may amount up to a predetermined multiplier of target level.

The Board of Directors or, to the extent delegated to it, the Compensation Committee, determines performance metrics, target levels and their achievement.

Compensation may be paid or granted in the form of cash, shares, other equity awards, financial instruments or similar units, other benefits or in kind. The Board of Directors or, to the extent delegated to it, the Compensation Committee determines grant, vesting, accelerated vesting, blocking, exercise and forfeiture conditions; they may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation assuming target achievement or for forfeiture in the event of pre-determined events such as a termination of an employment or mandate agreement.

Compensation may be paid by the Corporation and/or companies controlled by it.

V. Contracts with Members of the Board of Directors and of the Executive Management

Article 27. Basic Principles

The Corporation and/or companies controlled by it may enter into agreements with members of the Board of Directors relating to their compensation for a fixed term not exceeding one year or for an indefinite term with a notice period for termination not exceeding one year.

The Corporation or companies controlled by it may enter into contracts of employment with members of the Executive Management for a fixed term not exceeding one year or for an indefinite term with a notice period for termination not exceeding one year.

Contracts of employment with members of the Executive Management may contain a prohibition of competition for the time after the end of employment for a duration of up to one year. The annual consideration for such prohibition shall not exceed the total annual compensation last paid to such member of the Executive Management. For the avoidance of doubt, if so stipulated in the respective employment agreement, such member of the Executive Management will be entitled to a maximum of the payment of the salary for the notice period and the salary for the period of the prohibition of competition.

Preexisting contracts of employment with members of the Executive Management shall be amended and made compliant with this Article 27 and the applicable Swiss regulations on or before December 31, 2015.

VI. Mandates Outside the Corporation Loans

Article 28. Mandates outside the Corporation

No member of the Board of Directors may hold more than 4 additional Positions (as defined in Article 28) in listed companies. The number of any additional Positions held by a member of the Board of Directors in non-listed companies is not limited.

No member of the Executive Management may hold more than 2 additional Positions in listed companies and 4 additional Positions in non-listed companies. Each of these Positions shall be subject to approval by the Board of Directors. In any event, no member of the Executive Management shall hold any executive management positions in any other corporation or entity.

The following Positions are not subject to these limitations:

a) Positions in companies that are controlled by the Corporation;

b) Positions that a member of the Board of Directors or of the Executive Management holds at the request of the Corporation or companies controlled by it. No member of the Board of Directors or of the Executive Management shall hold more than 4 such Positions; and

c) Positions in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Board of Directors or of the Executive Management shall hold more than 10 such Positions.

A Position, within the meaning of this provision, is defined as a position in the supreme governing bodies (such as board of directors, executive management and advisory board) of legal entities that are registered in a commercial register in Switzerland or an equivalent foreign register.

Article 29. Loans

Loans to a member of the Board of Directors or the Executive Management are prohibited.

VII. Accounting Principles

Article 30. Financial Year

The end of the financial year of the Corporation shall be determined by the Board of Directors.

The annual accounts shall be drawn up in accordance with the provisions of the CO and established accounting rules and practice.

Article 31. Allocation of Profits

The General Meeting shall approve the allocation of the profits as shown on the balance sheet in accordance with the applicable provisions of the CO.

All dividends unclaimed within a period of five years after their respective due date shall be forfeited to the Corporation.

VIII. Liquidation

Article 32. Dissolution and Liquidation

A General Meeting may at any time resolve the dissolution and liquidation of the Corporation in accordance with the provisions of the law and of the Articles of Association.

The liquidation shall be carried out by the Board of Directors to the extent that a General Meeting has not entrusted the same to other persons.

The liquidation of the Corporation shall take place in accordance with art. 742 et seq. CO. The liquidators are authorized to dispose of the assets (including real estate) by way of private contract.

IX. Information

Article 33. Notices and Announcements

To the extent that individual notification is not required by law, stock exchange regulations or these Articles of Association, all communications to the shareholders shall be deemed valid if published in the Swiss Official Gazette of Commerce.

X. Contributions in Kind and Acquisition of Assets

Article 34. Contributions in Kind (TCP Bermuda Ltd.)

On the occasion of the share capital increase dated December 6, 2010 and in accordance with the agreement regarding a capital contribution between the Corporation, Ellis Yan and Zhaoling Yan of December 6, 2010, the Corporation takes over from Ellis Yan a 51% interest, i.e. 51 common shares with a par value of USD 0.01 each in TCP Bermuda Ltd., Bermuda, valued and at the price of CHF 31,405,774 and from Zhaoling Yan a 49% interest, i.e. 49 common shares with a par value of USD 0.01 each in TCP Bermuda Ltd., Bermuda, valued and at the price of CHF 30,174,176. For these contributions, Ellis Yan will receive 94,217,320 registered shares at a nominal value of CHF 0.10 each and issued at a price of CHF 0.333 of the Corporation and Zhaoling Yan will receive 90,522,530 registered shares at a nominal value of CHF 0.10 each and issued at a price of CHF 0.333 of the Corporation. In addition a total amount of CHF 43,105,965 will be allocated as capital surplus to the capital reserves of the Corporation.

Article 35. Contributions in Kind (Technical Consumer Products Canada Inc.)

On the occasion of the share capital increase dated December 6, 2010 and in accordance with the agreement regarding a capital contribution between the Corporation, Ellis Yan and The Lillian Yan Irrevocable Stock Trust of December 6, 2010, the Corporation takes over from Ellis Yan a 73% interest in Consumer Products Canada Inc., Toronto, Canada, valued and at the price of CHF 741,023 and from The Lillian Yan Irrevocable Stock Trust a 27% interest in Consumer Products Canada Inc., Toronto, Canada, valued and at the price of CHF 274,077. For these contributions, Ellis Yan will receive 2,223,070 registered shares at a nominal value of CHF 0.10 each and issued at a price of CHF 0.333 of the Corporation and The Lillian Yan Irrevocable Stock Trust will receive 822,230 registered shares at a nominal value of CHF 0.10 each and issued at a price of CHF 0.333 of the Corporation. In addition a total amount of CHF 710,570 will be allocated as capital surplus to the capital reserves of the Corporation.

Article 36. Contributions in Kind (Technical Consumer Products, Inc.)

On the occasion of the share capital increase dated December 6, 2010 and in accordance with the agreement regarding a capital contribution between the Corporation, Ellis Yan and The Lillian Yan Irrevocable Stock Trust of December 6, 2010, the Corporation takes over from Ellis Yan a

73% interest, i.e. 110 class A common stock with a par value of USD 0.01 each in Technical Consumer Products, Inc., Aurora, Ohio, USA, valued and at the price of CHF 4,075,627 and from The Lillian Yan Irrevocable Stock Trust a 27% interest, i.e. 40 class B common stock with a par value of USD 0.01 each in Technical Consumer Products, Inc., Aurora, Ohio, USA, valued and at the price of CHF 1,507,423. For these contributions, Ellis Yan will receive 12,226,880 registered shares at a nominal value of CHF 0.10 each and issued at a price of CHF 0.333 of the Corporation and The Lillian Yan Irrevocable Stock Trust will receive 4,522,270 registered shares at a nominal value of CHF 0.10 each and issued at a price of CHF 0.333 of the Corporation. In addition a total amount of CHF 3,908,135 will be allocated as capital surplus to the capital reserves of the Corporation.

XI. Miscellaneous

Article 37. No Personal Liability

No director shall be personally liable to the Corporation or any of its shareholders for monetary damages for breach of fiduciary duty as a director, except as prohibited by law. Any repeal or modification of this Article 37 shall not alter any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

Article 38. Indemnification

The Corporation shall indemnify, in accordance with and to the full extent now or hereafter permitted by law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, an action by or in the right of the Corporation), by reason of his or her acting as a member of the Board of Directors or Executive Management, and may to the same extent indemnify any officer, employee or agent of, or his or her acting in any other capacity for or on behalf of, the Corporation, against any liability or expense actually and reasonably incurred by such person in respect thereof. This indemnification obligation shall not apply (i) where such member of the Board of Directors, officer, employee or agent has acted unlawfully or with gross negligence; and(ii) with respect to any suit by or in right of the Corporation, where such person shall have been adjudged to be liable to the Corporation. The Corporation may advance the expenses of defending any such act, suit or proceeding in accordance with and to the full extent now or hereafter permitted by law, subject to claw back, where such member of the Board of Directors, officer, employee or agent has been determined to have acted intentionally or with gross negligence. Such indemnification and advancement of expenses are not exclusive of any other right to indemnification or advancement of expenses provided by law or otherwise.

Article 39. Original Language

In the event of deviations between the German and English version of these Articles of Association, the German text shall prevail.

Zug, June 17, 2014

Exhibit 3.2

AMENDED AND RESTATED
ORGANIZATIONAL REGULATIONS

OF

TCP INTERNATIONAL HOLDINGS LTD.

A. Scope and Basis

1. These organizational regulations (hereinafter "Organizational Regulations") are enacted by the Board of Directors of TCP International Holdings Ltd. ("TCP" or the "Corporation") pursuant to Art. 716a and 716b of the Swiss Code of Obligations ("CO") and Art. 18 of the Corporation's Articles of Association (hereinafter "Articles of Association"). The Organizational Regulations govern the corporate governance, internal organization and the duties, powers and responsibilities of the executive bodies of the Group. For the purposes of these Organizational Regulations, the "Group" shall mean the Corporation and its subsidiaries, whereby subsidiaries means all companies in which the Corporation holds directly or indirectly a majority of the voting rights or has the right to appoint a majority of the members of the Board of Directors or other comparable executive body.

2. The Corporation is a holding company of an international group of companies active in the manufacturing, distribution, sales, and marketing of energy efficient light bulbs, lighting and related businesses. As such the Corporation performs strategic, financial and management functions for the Corporation itself and also with respect to the entire Group.

B. Executive Bodies of the Corporation

3. The executive bodies of the Corporation are:

(a) the Board of Directors consisting of its members (each a "Director");

(b) the chairman of the Board of Directors (the "Chairman");

(c) the Board Committees established from time to time pursuant to these Organizational Regulations (the "Board Committees");

(d) the officers of the Corporation (the "Officers"); and

(e) the Chief Executive Officer of the Corporation (the "CEO").

C. The Board of Directors

4. Organization

Except for the election of the Chairman and the members of the Compensation Committee, the Board of Directors shall organize itself. The Board of Directors elects a Vice-Chairman and elects the members of each of the Board Committees (other than the

Compensation Committee) from its members each year following the Corporation's ordinary General Meeting.

The Board of Directors further appoints a Secretary who does not need to be a Director.

5. General Powers

The Board of Directors shall exercise its function as required by law, the Articles of Association, and these Organizational Regulations. The Board shall be authorized to pass resolutions on all matters which are not (i) reserved to the General Meeting by law and the Articles of Association, (ii) delegated to the Chairman and CEO or the Officers, provided that applicable law and the Articles of Association allow such delegation, or (iii) reserved to any Board Committee by applicable law, the Articles of Association and these Organizational Regulations.

6. Non-Transferable and Irrevocable Duties

The Board of Directors has the non-transferable and irrevocable duties as set out in Art. 19 of the Articles of Association.

7. Delegation of Other Duties

The Board of Directors herewith delegates all other duties, including the preparation and implementation of the resolutions of the Board of Directors as well as the supervision of particular aspects of the business in the sense of Art. 716a para. 2 CO and the management of the Corporation in the sense of Art. 716b CO to the Chairman and the CEO.

8. Meetings

The Board of Directors shall convene as often as necessary. Meetings of the Board of Directors shall be held at such time and at such place as shall from time to time be determined by the Board of Directors. The meetings shall be called by the Chairman or, on his behalf, by the Secretary. A meeting shall also be called by the Chairman upon the written request of a Director indicating the items and the proposals to be submitted. The Chairman shall decide whether persons other than the Directors may attend a meeting.

Notice of meetings shall be given in writing and no less than five days in advance and the notice shall set forth the agenda. In urgent cases, the Chairman may call a meeting at short notice in writing, including by notice through electronic delivery (including by e-mail), or by other means of communication. Each Director may request that items be included on a meeting agenda provided that the relevant request is submitted in writing to the Chairman at least seven days before the next scheduled meeting. Urgent items that are raised after the notice of the meeting and agenda has been distributed to the Directors may be discussed at the meeting. Resolutions on such matters can only be passed if all Directors attending the meeting agree.

Meetings of the Board of Directors may be held in person or by telephone conference or other means of direct communication, provided that all Directors participating are able to communicate contemporaneously by voice with all other participants. Participation in a meeting

pursuant to this paragraph shall constitute presence in person at such meeting (except where applicable law provides otherwise).

An executive session of independent non-executive Directors may be held at each meeting of the Board of Directors at the request of any of the independent non-executive Directors.

9. Board Resolutions in Writing

Resolutions of the Board of Directors may also be passed in writing, provided no Director requests oral deliberation within three business days of notification of the proposed resolution. To be valid, resolutions in writing must be communicated to all Directors, and must be approved in writing by a majority of the Directors. In urgent cases, the Board may pass written resolutions by e-mail or other means of electronic delivery, provided that all Directors receive the proposed resolutions and that no Director requests that the matter be deliberated at a meeting of the Board of Directors. Any such written resolution shall be ratified by the Board of Directors at a subsequent meeting.

10. Board Minutes

The Board of Directors shall cause minutes to be taken in writing or by electronic means for the purpose of recording the discussions and resolutions passed at all meetings of the Board of Directors and the Board Committees, respectively. The minutes must be signed by the acting chairman of the Board of Directors or the Board Committee (for Board Committee meetings) and the Secretary or such other person as may be designated by such acting chairman.

In the case of resolutions in writing, such resolution in writing qualifies as minutes if signed by all Directors and the Secretary, including any dissenting Directors.

11. Information and Reporting

Each Director is entitled, at the meetings of the Board of Directors, to request and receive from the other Directors and from the Executive Management attending such meeting information on all affairs of the Corporation.

Outside of the Board meetings, each Director may request information from the CEO on the general course of business and, upon approval by the Chairman, each Director may obtain information on specific transactions and/or access to business documents, which shall be provided within a reasonable period of time.

12. Compensation

Based on the recommendation of the Compensation Committee and subject to the limits approved by the General Meeting, all independent non-executive Directors shall be paid an annual cash retainer for their services as Directors out of the funds of the Corporation. Non-employee directors may also be compensated with equity awards, including share options, restricted share or restricted share units, which shall be determined by the Board of Directors. A

non-employee Director is defined as a Director who is not a full-time employee of the Corporation or any entity of the Group.

In addition to the above, the Directors shall be paid out of the funds of the Corporation all expenses reasonably incurred by them in the discharge of their duties, including their expenses of traveling to and from the meetings of the Board of Directors, meetings of the Board Committees and General Meetings. The Directors are strongly encouraged to consult with the Corporation in advance of incurring any expenses for the attendance at meetings and for other purposes so that the Corporation may enforce and apply its corporate travel policies.

D. Chairman and Vice-Chairman

13. Powers and Duties

The Chairman has the following powers and duties:

(a) to arrange for the preparation of the agenda for the General Meetings and meetings of the Board of Directors;

(b) to chair the General Meetings and meetings of the Board of Directors;

(c) to inform the Directors without delay of material extraordinary items;

(d) to perform any other matters reserved by law, the Articles of Association, or these Organizational Regulations to the Chairman.

14. Authority

Should the Chairman be unable or unavailable to exercise his functions, his functions shall be assumed by the Vice-Chairman of the Board of Directors, or if the latter should also be unable or unavailable, another member of the Board of Directors appointed by the Board of Directors.

15. Special Committees

The Chairman or the Board of Directors may convene one or more special committees to review certain material matters being considered by the Board of Directors. The special committee will report on their activities to the Directors.

E. Board Committees

16. General

In accordance with the Articles of Association, the Board shall propose at least three members of the Board of directors for election by the General Meeting to the Compensation Committee.

In addition, the Board shall appoint at least three independent members of the Board of Directors to each of the Audit Committee and the Nominating and Corporate Governance Committee. The Board of Directors shall appoint each Board Committee's chair. The chair of each Board Committee shall, in the event of a tie, have right to cast an additional vote for matters that come before the respective committee.

The members of the Audit Committee shall not serve on the audit committees of more than two other listed companies. The Board of Directors shall determine that at least one member of the Audit Committee is an "audit committee financial expert" as defined in Item 407 (d) (5) (iii) of Regulation S-K promulgated under U.S. securities laws.

All acts performed by any such Board Committee in conformity with such regulations and in fulfillment of the purposes for which it is appointed, but not otherwise, shall have the force and effect as if performed by the Board of Directors.

17. Committees Regulations

The Board of Directors has described the objectives and duties of the Board Committees in separate committee regulations that have been appended to these Organizational Regulations. The Board Committees shall report regularly to the Board of Directors.

F. Chief Executive Officer

18. Powers and Duties

Subject to applicable law, regulations and stock exchange rules, the executive management of the Group shall be the responsibility of the CEO. In particular, the CEO shall:

(a) determine, manage and monitor the business activities and strategy of the Group;

(b) determine the internal organization for the Corporation and the Group, including the establishment of the regulations for the Executive Management (as defined in Section 19) and convene and chair their meetings;

(c) act as the liaison between the Board of Directors and the members of the Executive Management (as defined in Section 19);

(d) supervise and arrange for the implementation of the resolutions and directives of the Board of Directors on the ultimate management of the Corporation;

(e) supervise and arrange for the development and execution of the Corporation's strategies by the members of the Executive Management (as defined in Section 20); and

(f) oversee the appointment of the Executive Management of the Corporation.

The CEO shall regularly inform the Directors at the meetings of the Board of Directors or upon request by the Chairman at any point in time on the course of business and all major business matters of the Corporation.

G. Officers

19. Composition

The Officers of the Corporation shall be elected by the Board of Directors and shall include the CEO, and if so resolved by the Board, a President and one or more Vice Presidents (who may be further classified by such descriptions as "Executive," "Senior" or "Assistant" as determined by the Board of Directors), Treasurer, Secretary, and such other officers as the Board may deem necessary or appropriate (hereinafter "Executive Management").

20. Powers and Duties

The members of Executive Management shall, pursuant to the supervision of the CEO, manage the operations of the Corporation, direct the overall business of the Group, and supervise all employees of the Corporation. In particular, the Executive Management shall exercise the following duties and competences:

(a) Operationally manage the Group, implement the strategic business policy, implement these Organizational Regulations, draft the necessary additional regulations and directives for approval by the Board of Directors, and implement all approved regulations and directives;

(b) Manage and supervise all ongoing business and transactions of the Group within the framework of these Organizational Regulations, except for decisions that may have extraordinary importance and that require prior approval by the Board of Directors;

(c) Prepare for approval by the Board of Directors and implement the accounting, financial control and the financial planning;

(d) Prepare and present the annual financials, the quarterly financials (if applicable), and the annual management report to the Board of Directors, plus provide periodical and legally required reports to the Board of Directors on the course of business of the Group.

21. President

The President shall be appointed by the Board of Directors and shall have such powers and perform such duties as the Board of Directors may assign.

22. Vice Presidents

Each Vice President shall have such powers and perform such duties as may be conferred upon him or her by the Board of Directors or as determined by the CEO.

23. Treasurer

The Treasurer shall have the oversight and control of the funds of the Corporation and shall have the power and authority to make and endorse notes, drafts and checks and other obligations necessary for the transaction of the business of the Corporation except as otherwise provided in the Articles of Association.

24. Secretary

It shall be the duty of the Secretary to act as secretary at all meetings of the Board of Directors and to record the proceedings of such meetings in a book or books to be kept for that purpose. The Secretary shall be responsible for all notices required to be given by the Corporation to be duly given and served.

The Secretary shall be responsible for the share register, which may be maintained by a third party under the Secretary's supervision, and of the other books, records, and papers of the Corporation, and shall be responsible for ensuring that the reports, statements, and other documents required by law are properly kept and filed; the Secretary shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to such person by the CEO, the President, or the Chairman.

26. Substituting Officers

The Board of Directors may from time to time authorize any Officer to appoint and remove any other Officer or agent and to prescribe such person's authority and duties. Any person may hold at one time two or more offices. Each Officer shall have such authority and perform such duties, in addition to those specified in the Articles of Association, as may be prescribed by the Board of Directors from time to time.

27. Term of Office

Each Officer shall hold office for the term appointed by the Board of Directors, and until the person's successor has been appointed and qualified or until such person's earlier resignation or removal. Any Officer may be removed by the Board of Directors, with or without cause. The election or appointment of an Officer shall itself create contractual rights against the Corporation. Any Officer may resign at any time by giving written notice to the Board of Directors or the Secretary. Any such resignation shall take effect at the time specified therein or, if such time is not specified therein, then upon receipt of such notice, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

H. Conflicts of Interest

28. Conflicts of Interest

Subject to any applicable law or regulation to the contrary, a Director or Officer (i) may be a party to or otherwise interested in any contract, transaction or other arrangement with any one of the Group, or one in which the Group is otherwise interested, and (ii) may be a director or other officer of, or employed by, or a party to any contract, transaction or other arrangement with, or otherwise interested in, any company or other person promoted by the Group or in which

the Group is interested, subject to disclosing this interest and the approval and/or authorization of a majority of the disinterested Directors of such contract, transaction or other arrangement.

(a) Subject to any applicable law or regulation to the contrary, it shall be a sufficient declaration of interest in relation to any contract, transaction or arrangement if the Director or Officer shall declare the nature of the Director's or Officer's interest at the first opportunity either (1) at a meeting of the Board of Directors at which the question of entering into the contract, transaction or arrangement is first taken into consideration, if the Director or Officer knows this interest then exists, or in any other case, at the first meeting of the Board of Directors after learning that he or she is or has become so interested or (2) by providing a general notice to each of the Directors declaring that he or she is an officer of or has a material interest in a person that is a party to a material contract or proposed material contract with the Group and is to be regarded as interested in any transaction or arrangement made with that company or person.

(b) So long as, when it is necessary, a Director or Officer declares the nature of his or her interest in accordance with these Organizational Regulations and a majority of the disinterested Directors approve and/or authorize the contract, transaction or arrangement, a Director or Officer shall not by reason of his or her office be accountable to the Corporation for any benefit such Director or Officer derives from any office or employment to which the Articles of Association allow him or her to be appointed, and no such contract, transaction or arrangement shall be void or voidable on the ground of any such interest or benefit.

(c) Upon disclosure of any such interest as described above, an interested Director may be counted in determining the presence of a quorum, but shall not be permitted to vote at a meeting of the Board of Directors or of a Board Committee thereof or any matter related to the contract, transaction or arrangement in which he or she is interested.

I. General Provisions

29. Signatory Power

The Directors, Officers, and other persons authorized to represent the Group shall have single or joint signatory power, as determined appropriate by the Board of Directors.

30. Confidentiality

The Directors and Officers shall maintain as confidential all information and documents obtained in connection with the exercise of their function for the Group, other than information that is in the public domain (excluding information that is made public as a result of the violation of this confidentiality obligation).

31. Insurance

The Corporation shall procure Director and Officer liability insurance coverage for any person who is or was a Director or Officer, or is or was serving at the request of the Corporation

as a director or officer of another company, partnership, joint venture, trust or other enterprise, or in a fiduciary capacity with respect to any employee benefit plan maintained by the Group, against any liability asserted against him or her in any such capacity, or arising out of his or her status as such. Any costs of such insurance shall be charged to the Corporation or the applicable Group Member.

J. Final Provisions

32. Effectiveness

These Organizational Regulations shall become effective as of the date of approval by the Board of Directors.

33. Review and Amendments

These Organizational Regulations shall be reviewed and if necessary amended on a regular basis by the Board of Directors.

Approved by the Board of Directors on 25 June, 2014.

Exhibit 10.1

JOINDER AGREEMENT
TO THE
SHAREHOLDERS' AGREEMENT
OF
TCP INTERNATIONAL HOLDINGS LTD.

June 24, 2014

WHEREAS, on June 24, 2014, Solomon Yan transferred (the "Transfer") 2,034,789 common shares (the "Shares") of TCP International Holdings Ltd., a Swiss corporation (the "Company"), to Cherry Plus Limited, BVI, being a company incorporated under the laws of the British Virgin Islands ("Cherry Plus").

WHEREAS, Cherry Plus is the record owner of the Shares on the date hereof.

WHEREAS, the Transfer constitutes a Permitted Transfer, and Cherry Plus constitutes a Permitted Assign, under the terms of the Shareholders' Agreement, dated March 21, 2012, by and among the Company, Ellis Yan, Solomon Yan and The Lillian Yan Irrevocable Trust, which is attached hereto as Exhibit A (the "Shareholders' Agreement").

NOW, THEREFORE, the parties hereto agree as set forth below:

1. Cherry Plus hereby agrees to be bound by all applicable provisions of the Shareholders' Agreement.

2. Cherry Plus shall hereinafter be treated for all intents and purposes as, and shall be entitled to all of the rights and subject to all of the obligations of, a Shareholder under the Shareholders' Agreement.

3. This Agreement shall be governed by the laws of Switzerland.

[Execution Pages Follow]

IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement.

CHERRY PLUS LIMITED

/s/ Solomon Yan

By: Solomon Yan

Title: Sole Director

[Execution Pages]

Acknowledged, Accepted and Agreed:

ELLIS YAN

/s/ Ellis Yan

SOLOMON YAN

/s/ Solomon Yan

THE LILIAN YAN IRREVOCABLE TRUST

By: /s/ Valarie Campbell

Name: Valarie Campbell

Title: Trustee

By: /s/ Ira Kaplan

Name: Ira Kaplan

Title: Trustee

TCP INTERNATIONAL HOLDINGS LTD.

By: /s/ Ellis Yan

Name: Ellis Yan

Title: Chief Executive Officer

[Execution Pages]

EXHIBIT A

TCP International Holdings Ltd. Shareholders' Agreement

SHAREHOLDERS' AGREEMENT

by and among

ELLIS YAN

SOLOMON YAN

THE LILLIAN YAN IRREVOCABLE STOCK TRUST

and

TCP INTERNATIONAL HOLDINGS LTD.

Dated: As of March 21, 2012

SHAREHOLDERS AGREEMENT

THIS SHAREHOLDERS AGREEMENT (the "Agreement") made as of this 21st day of March, 2012, by and among TCP International Holdings Ltd., a Switzerland corporation (the "Corporation"), Ellis Yan, Solomon Yan and The Lillian Yan Irrevocable Stock Trust (the "Trust", and together with Ellis Yan and Solomon Yan the "Shareholders").

W I T N E S S E T H:

WHEREAS, the Corporation is seeking to register its common shares with the U.S. Securities and Exchange Commission on Form F-1 for the purpose of effecting an initial public offering (the "Registration");

WHEREAS, the Corporation intends to list its common shares on the NASDAQ Global Select or a similar exchange ("Exchange");

WHEREAS, following the Registration the Corporation should be considered a "controlled company" under applicable rules of Exchange;

WHEREAS, it is a condition to Shareholder's willingness to approve the Registration that the parties hereto enter into and perform their respective obligations under this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and obligations contained herein, the parties hereto agree as follows:

1. Binding Nature. Each of the Shareholders, on behalf of himself, his heirs, executors, administrators, personal representatives and permitted assigns, acknowledges and agrees that any Shares (defined below) registered in his name or beneficially owned or voted by him, her or it but held in the name of any other person, shall be subject to, and disposed of, only in accordance with this Agreement. For purposes hereof, the term "Shares" shall mean all common shares of the Corporation now owned or hereafter acquired by a Shareholder, including by reason of acquisition, transfer, stock split, stock dividend, merger, reclassification, consolidation or other similar event.

2. Board Composition and Voting Matters.

(a) Board Composition. Each Shareholder, as long as the aggregate number of common shares owned by the Shareholders represents a majority of the issued and outstanding common shares of the Corporation, agrees to vote all of his, her or its common shares in the Corporation (whether now owned or hereafter acquired or which Shareholder may be empowered to vote), from time to time and at all times, in whatever manner shall be necessary to ensure that at such shareholders meeting at which an election of directors is held or pursuant to any written consent of the shareholders, the following persons shall be elected to the Board of Directors (the "Board"):

(i) Ellis Yan or his Permitted Assigns (as hereinafter defined) as long as he or his Permitted Assigns owns common shares shall be entitled to designate one director of the Board, which shall be initially Ellis Yan;

(ii) Solomon Yan or his Permitted Assigns (as hereinafter defined) as long as he or his Permitted Assigns owns common shares shall be entitled to designate one director of the Board, which shall be initially Solomon Yan; and

(iii) In addition to the directors designated pursuant to Sections 2(a)(i) and (ii), each of the Shareholders hereby agrees to vote their Shares in favor of any other director nominees approved by Ellis Yan.

(b) Director Qualifications. Each of the directors designated by a Shareholder pursuant to the provisions of this Section 2 and any director approved by Ellis Yan as provided in Section 2(a)(iii) must meet the qualifications for Board Members established by the Corporation, if any.

(c) Removal of Board Members. Each Shareholder also agrees to vote all of his, her, or its common shares from time to time and at all times, in whatever manner as shall be necessary to ensure that (i) no director elected pursuant to Section 2(a) may be removed from office unless such removal is approved by the Shareholder entitled to designate such director, and (ii) any vacancies created by resignation, removal or death of a director elected pursuant to Section 2(a) shall be filled by the Shareholder entitled to designate such Director. All Shareholders agree to execute any written consents required to effectuate the obligations of this Agreement.

3. Restrictions on Transfer. Except pursuant to a Permitted Transfer (as defined below) or as otherwise provided in this Agreement, a Shareholder shall not at any time donate, hypothecate, pledge, transfer, sell, assign or otherwise dispose or distribute his, her or its Shares in any manner whatsoever (each such event being hereinafter referred to as a "Transfer"). In the event of an attempted Transfer of Shares by a Shareholder not in accordance with the terms of this Agreement, such attempted action shall be null and void and of no force and effect. For purposes hereof, a "Permitted Transfer" shall mean (i) a Transfer to the Corporation, (ii) a Transfer pursuant to applicable laws of descent and distribution, or (iii) a Transfer to a Permitted Assign; provided, however that prior to any Permitted Transfer (other than a Transfer to the Corporation) the transferee agrees in writing to be bound by the applicable terms and conditions of this Agreement. For purposes hereof, "Permitted Assigns" shall mean:

(a) A Shareholder who is a natural person may transfer all or any portion of such Shareholder's stock by gift, sale, will, intestacy or otherwise, to one or more members of such Shareholder's family, to a trust substantially for the benefit of such Shareholder and/or one or more members of such Shareholder's family, to one or more beneficiaries of any trust that is or was a Shareholder, to a corporation of which such Shareholder and/or such Shareholder's family and/or family trust are the majority shareholders or to a partnership or limited liability company in which such Shareholder and/or such Shareholder's family holds the controlling interest.

(b) A Shareholder that is a partnership, corporation, limited liability company, trust or similar entity (each, an "Entity") may transfer all or any portion of such Entity Units to (i) one or more partners, shareholders, members, beneficiaries or similar owners of or investors in such Entity (each, an "Entity Owner"), (ii) any member of an affiliated group of corporations within the meaning of Section 1504 of the Code that includes such Entity, (iii) a trust substantially for the benefit of (x) one or more Entity Owners or (y) one or more members of the family of the Entity Owner or (iv) a successor entity upon a sale of substantially all of the assets of such Entity.

(c) As used in this Agreement, "family" shall mean and include only the spouse, issue (whether natural or adopted), sibling or parent of a Shareholder. Notwithstanding any provision of this Section 3 to the contrary, no Transfer shall be permitted under this Section 3 to or for the benefit of a separated or divorced spouse by agreement, court order or otherwise. Any transfer or disposition of stock made pursuant to this Section 3 shall be made only in such manner as to provide control of such stock by a competent legal entity or adult, and so as not to vest control of any stock in any minor or other legally incompetent person.

4. Right of First Refusal.

(a) (i) Except as otherwise permitted by Section 3 hereof no Shareholder may transfer any common shares unless the Shareholder desiring to make the Transfer (the "Transferor") first obtains a bona fide written offer from a third party to purchase all, or portion, of such Shareholder's common shares or intends to sell such stock in the public market and first offers to sell such stock (the "Offered Interest") to the other Shareholders in accordance with this Section 4. The bona fide offer must state (x) the name and address, (y) the consideration that will be received by the Transferor for the transfer and (z) the payment terms of the consideration and other material terms and conditions of the proposed transfer.

(ii) Within ten (10) days of the receipt of the bona fide offer, the Transferor shall furnish the other Shareholders with a copy of such offer or the average trading price of the common shares of the Corporation for the previous 7 days as reported on the exchange that such common shares are trading. Within thirty (30) days of the receipt of the offer, the other Shareholders may elect to purchase all, but not less than all, of the Offered Interest on a proportional basis on the same terms and conditions set forth in the bona fide offer or on the terms set forth in the notice with respect to a sale in the public market, exercisable by delivery of written notice to the Transferor.

(iii) In the event the Shareholders elect to purchase all of the Offered Interest, the closing of the purchase will take place on the first business day following the end of a period forty-five (45) days after exercise of the Shareholders' option to purchase by delivery of the last written notice thereof to the Transferor, or on such other date as mutually agreed upon by the parties.

(iv) In the event the other Shareholders do not elect to purchase all of the Offered Interest, the Transferor may transfer the Offered Interest to the transferee named in, and on the terms and conditions set forth in, the notice, subject to the limitations of this Section 4 or in the public market. If the Transferor fails to conclude such sale of the Offered Interest within fifteen (15) days thereafter, the Offered Interest will again become subject to all of the restrictions of this Section 4.

(b) No Transfer or assignment pursuant to Section 4(a) hereof shall be effective unless and until the assignor, upon the reasonable request of the Shareholder, in its discretion, provides the Company with an opinion of counsel, which opinion and counsel will be reasonably satisfactory to Shareholder, to the effect that the transfer will be exempt from all

applicable registration requirements and that such transfer will not violate any applicable laws regulating the transfer of securities.

5. Reclassifications; Stock Splits. In the event that any Shares should, as a result of a stock split, stock dividend, combination of shares or any other change or exchange for other securities by reclassification, redesignation, recapitalization, distribution to shareholders or combination of shares be increased or decreased or changed into or exchanged for a different number or kind of shares of capital stock or other securities of the Corporation, the terms and provisions of this Agreement shall apply to all of the capital stock and other securities of any class of the Corporation now owned or that may be issued hereafter to any Shareholder in consequence of such event and the Shares shall be adjusted to give effect to such event.

6. Judgments, Bankruptcy and Other Involuntary Transfers. If (i) all or any part of the Shares held by a Shareholder shall become the subject of an order or judgment of any court of competent jurisdiction (including, but not limited to, any divorce property settlement order or order for sale in satisfaction of judgment) or (ii) if such Shareholder files a voluntary petition in bankruptcy or has filed against him an involuntary petition in bankruptcy or (iii) the Shares held by such Shareholder shall otherwise become subject to the control of any trustee or conservator or person exercising similar powers, or have a lien imposed upon it from any source whatsoever, and in the case of any involuntary proceeding is not dismissed within forty-five days (each of (i), (ii) and (iii) is hereinafter referred to as an "Involuntary Transfer") then (A) such Shareholder and/or the holder or possessor of such Shares or lien thereon (collectively, the "Holder") shall immediately give notice thereof to the Corporation, and (B) the Holder shall be deemed a Shareholder and subject to the provisions of this Agreement.

7. Restrictive Legend. There shall be written or stamped on each of the certificates of Shares held by a Shareholder, if any certificates exist, to the extent permitted under Swiss law, and of each certificate for additional Shares which may be issued by the Corporation to a Shareholder or any third parties who may become subject to the terms of this Agreement, a reference to this Agreement, in substantially the following language:

> "This certificate and the shares represented hereby are held subject to the terms, covenants and conditions of a certain Shareholders' Agreement dated as of March 21, 2012 by and between the Corporation and the Shareholders, as may be amended, and may not be transferred except in accordance with the terms and provisions thereof."

8. Termination. This Agreement shall terminate (but not as to any obligations of the parties hereto existing at the time of such termination, all of which shall survive any such termination) automatically upon the voluntary written agreement of all of the parties hereto or if the Shares owned by the Shareholders (and their Permitted Assigns) ceases to represent a majority of the issued and outstanding common shares of the Corporation.

9. Miscellaneous.

(a) Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by any of the parties hereto, except as expressly provided herein.

(b) Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) upon actual receipt if personally delivered or sent by telecopy, (ii) three (3) days after posting, if sent by certified or registered mail, return receipt requested, with first class postage prepaid, or (iii) the next day following deposit with a reputable overnight delivery service providing a receipt against delivery, delivery charges prepaid, in each case to (A) in the case of a Shareholder at his address set forth on the signature page hereto, (B) in the case of the Corporation, at its address set forth on the signature page hereto, Attention: President or (C) to such other person or place as a party shall furnish to the other parties in writing, such notice of change to be effective only upon actual receipt.

(c) Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but all such counterparts shall constitute one and the same instrument. Any person who becomes a shareholder of the Corporation after the date of this Agreement shall be added as a party to this Agreement by way of a joinder agreement or counterpart signature page hereto and in such capacity as determined by the Corporation.

(d) Entire Agreement; Modification. This Agreement constitutes the entire agreement between parties hereto, and supersedes all prior agreements and understandings between the parties hereto with respect to the subject matter hereof. This Agreement may not be changed or terminated orally, and no attempted change, termination or waiver of any of the provisions hereof shall be binding unless in writing and signed by all of the parties hereto affected thereby.

(e) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and permitted assigns. Any person acquiring an interest in Shares subject to the provisions of this Agreement shall, (a) by acquiring such interest, become and be deemed to be a party to this Agreement and deemed a "Shareholder" within the meaning of this Agreement and be bound by all of the provisions hereof and (b) execute such documents to effectuate the foregoing as the Corporation may reasonably require.

(f) Section Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(g) Governing Law. This Agreement shall be governed by, and interpreted and enforced in accordance with the laws of Switzerland without giving effect to any choice or conflict of law provision or rule (whether of Switzerland or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than Switzerland.

(h) Further Assurances. The Corporation and each of the other parties hereto shall take such actions and execute such documents and instruments as may be reasonably required in order to effectuate the provisions hereof.

(i) Waiver. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach. All remedies afforded in this Agreement shall be taken and construed as cumulative and in addition to every other remedy provided herein or by law.

(j) Independent Counsel; Construction. Each party hereto acknowledges that this Agreement was drafted by counsel to the Corporation and that such party has been advised, and has had the opportunity, to consult with his own counsel in the drafting and negotiation of and entering into this Agreement. The parties hereto further acknowledge and agree that each party and its counsel have had the opportunity to negotiate and review this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments hereto.

(k) Severability. The invalidity or unenforceability of any provision hereof or of the application of any provision hereof to any circumstances shall in no way affect the validity or enforceability of any other provision or the application of such provision to any other circumstances.

(l) Gender and Number; "Person"; "Affiliate". For purposes of this Agreement, words importing a particular gender shall mean and include every other gender and words importing the singular shall include the plural, and vice versa. All references herein to a "person" "(whether or not such term is capitalized) shall be deemed to include any individual, corporation, partnership, limited liability company, association, governmental authority or body or any other entity however constituted. As used herein their term "affiliate" shall mean, with respect to any person, any other person controlling, controlled by or under common control with such person, with the term "control" meaning the power to direct or control the management, policies or activities of any person, whether by virtue of family relationship, equity ownership or otherwise, and any person holding more than 50% of the voting power represented by the outstanding voting securities of any entity shall be deemed to control such entity.

(Signatures begin on next page. Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the parties hereto have executed this Shareholders Agreement as of the day and year first written above.

/s/ Ellis Yan
Ellis Yan

/s/ Solomon Yan
Solomon Yan

THE LILLIAN YAN IRREVOCABLE STOCK TRUST

By: /s/ Ira Kaplan
Ira Kaplan, Trustee

By: /s/ Valarie Campbell
Valarie Campbell, Trustee

TCP INTERNATIONAL HOLDINGS LTD.

By: /s/ Ellis Yan
Ellis Yan, Chief Executive Officer

Exhibit 10.2

JOINDER AGREEMENT
TO THE
REGISTRATION RIGHTS AGREEMENT
OF
TCP INTERNATIONAL HOLDINGS LTD.

June 24, 2014

WHEREAS, on June 24, 2014, Solomon Yan transferred (the "Transfer") 2,034,789 common shares (the "Shares") of TCP International Holdings Ltd., a Swiss corporation (the "Company"), to Cherry Plus Limited, BVI, being a company incorporated under the laws of the British Virgin Islands ("Cherry Plus").

WHEREAS, Cherry Plus is the record owner of the Shares on the date hereof.

WHEREAS, the Transfer constitutes a permitted assignment of Registrable Securities under the terms of the Registration Rights Agreement, dated March 21, 2012, by and among the Company , Ellis Yan, Solomon Yan and The Lillian Yan Irrevocable Trust, which is attached hereto as Exhibit A (the "Registration Rights Agreement").

NOW, THEREFORE, the parties hereto agree as set forth below:

1. Cherry Plus hereby agrees to be bound by all applicable provisions of the Registration Rights Agreement.

2. Cherry Plus shall hereinafter be treated for all intents and purposes as, and shall be entitled to all of the rights and subject to all of the obligations of, an Investor under the Registration Rights Agreement.

3. This Agreement shall be governed by the laws of the State of New York.

[Execution Pages Follow]

IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement.

CHERRY PLUS LIMITED

/s/ Solomon Yan

By: Solomon Yan

Title: Sole Director

[Execution Pages]

Acknowledged, Accepted and Agreed:

ELLIS YAN

/s/ Ellis Yan

SOLOMON YAN

/s/ Solomon Yan

THE LILIAN YAN IRREVOCABLE TRUST

By: /s/ Valarie Campbell

Name: Valarie Campbell

Title: Trustee

By: /s/ Ira Kaplan

Name: Ira Kaplan

Title: Trustee

TCP INTERNATIONAL HOLDINGS LTD.

By: /s/ Ellis Yan

Name: Ellis Yan

Title: Chief Executive Officer

[Execution Pages]

EXHIBIT A

TCP International Holdings Ltd. Registration Rights Agreement

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made as of March 21, 2012, by and among:

(1) TCP International Holdings Ltd., a company incorporated in Switzerland (the "Company"); and

(2) Ellis Yan, Solomon Yan and The Lillian Yan Irrevocable Stock Trust (each, an "Investor", and collectively, the "Investors").

The Investors on the one hand, and the Company on the other hand, are sometimes herein referred to each as a "Party," and collectively as the "Parties."

In consideration of the premises set forth above, the mutual promises and covenants set forth herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. Interpretation.

1.1 Definitions. The following terms shall have the meanings ascribed to them below:

"Affiliate" means, with respect to a specified person, a person that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.

"Applicable Securities Laws" means the securities law of the United States, including the Exchange Act and the Securities Act, and any applicable securities law of any state of the United States.

"Board" or "Board of Directors" means the board of directors of the Company.

"Business Day" means any day that is not a Saturday, Sunday, public holiday or other day on which commercial banks are required or authorized by law to be closed in Switzerland, the PRC, or the City of New York.

"Commission" means the Securities and Exchange Commission of the United States or any other federal agency at the time administering the Securities Act.

"Common Shares" means the common shares, CHF $.10 per share, of the Company.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"Form F-3" means Form F-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

"Form S-3" means Form S-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

"Governmental Authority" means any nation or government or any province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of Switzerland, the PRC or any other country, or any court, tribunal or arbitrator, and any self-regulatory organization.

"Holder" means the Investors and transferees as permitted by Section 3.6 holding Registrable Securities.

"IPO" means the Company's underwritten registered initial public offering of Common Shares.

"Law" means any constitutional provision, statute or other law, rule, regulation, official policy or interpretation of any Governmental Authority and any injunction, judgment, order, ruling, assessment or writ issued by any Governmental Authority.

"Person" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

"PRC" means the People's Republic of China.

"Registration" means a registration effected by preparing and filing a Registration Statement and the declaration or ordering of the effectiveness of that Registration Statement; and the terms "Register" and "Registered" have meanings concomitant with the foregoing.

"Registrable Securities" means all of the Common Shares owned by the Investors as of the date hereof or hereinafter acquired by the Investors.

"Registration Statement" means a registration statement prepared on Form F-1, F-3, S-1 or S-3 under the Securities Act (including Rule 415 under the Securities Act).

"Securities Act" means the United States Securities Act of 1933, as amended.

"U.S." means the United States of America.

1.2 Interpretation. For all purposes of this Agreement, except as otherwise expressly provided, (i) the terms defined in this Section 1 shall have the meanings assigned to them in this Section 1 and include the plural as well as the singular, (ii) all references in this Agreement to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of the body of this Agreement, (iii) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, (iv) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision, (v) all references in this Agreement to designated schedules, exhibits and annexes are to the schedules, exhibits and annexes attached to this Agreement unless explicitly stated otherwise, (vi) "or" is not exclusive, (vii) the term "including" will be deemed to be followed by ", but not limited to," (viii) the terms "shall," "will," and "agrees" are mandatory, and the term "may" is permissive, and (ix) the term "day" means "calendar day."

2. Registration Rights.

2.1

(a) Request by Holders. If the Company shall at any time beginning 180 days after the date of the closing of the IPO receive a written request from any Holder that the Company file a registration statement under the Securities Act covering the registration of Registrable Securities pursuant to this Section 2.1, then the Company shall, within five (5) Business Days of the receipt of such written request, give written notice of such request ("Request Notice") to all Holders, and use its best efforts to effect the registration under the Securities Act of all Registrable Securities that Holders request to be registered and included in such registration by written notice given by such Holders to the Company within twenty (20) days after receipt of the Request Notice, subject only to the limitations of this Section 2.1; provided that, in connection with a demand registration requested pursuant to this Section 2.1, the Company shall use best efforts to cause any registration statement relating thereto to be filed with the Commission within 30 days after such request and the Company shall use best efforts to cause such registration statement to be declared effective by the Commission within 60 days of such request; provided, that the Company shall not be obligated to effect any such registration:

(i) if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act pursuant to this Section 2.1 or Section 2.3 or in which the Holders had an opportunity to participate pursuant to the provisions of Section 2.2, other than a registration from which all or any portion of the Registrable Securities the Holders requested be included in such registration have been excluded in accordance with Section 2.3(b);

(ii) if such Holders, together with the holders of any other securities of the Company entitled to inclusion in such Registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (before payment of any underwriters' discounts or commissions) of less than U.S. $1,000,000;

(iii) if in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such Registration, qualification or compliance unless the Company is already qualified to do business or subject to service in such jurisdiction and except as may be required by the Securities Act;

(iv) if the Company shall furnish to the Holder requesting such Registration a certificate signed by the Chairman of the Board of Directors of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be materially

detrimental to the Company and its shareholders for such Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Registration Statement no more than once during any twelve (12) month period for a period of not more than ninety (90) days after receipt of the request of the Investor requesting Registration under this Section 2.3, provided that the Company shall not register any of its other securities during such ninety (90) day period; or

(v) after the Company has effected two (2) such registrations pursuant to this Section 2.1(a), and each such registration has been declared or ordered effective.

(b) Underwriting. If any Holder intends to distribute the Registrable Securities covered by their request made pursuant to Section 2.1(a) by means of an underwriting, then such Holder shall so advise the Company as a part of its request made pursuant to this Section 2.1 and the Company shall include such information in the Request Notice referred to in Section 2.1(a). In the event of an underwritten offering, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by the Holder that made the request pursuant to Section 2.1(a) and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Holders of a majority of the Registrable Securities being registered and reasonably acceptable to the Company. Notwithstanding any other provision of this Section 2.1, if the underwriter(s) advise(s) the Company and the Holders participating in such offering in writing that marketing factors require a limitation of the number of securities to be underwritten, then the Company shall so advise all Holders of Registrable Securities which would otherwise be registered and underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be reduced as required by the underwriter(s) and allocated among the Holders of Registrable Securities on a pro rata basis according to the number of Registrable Securities then outstanding held by each Holder requesting registration; provided, however, that the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced below twenty-five percent (25%) of the aggregate number of Registrable Securities for which inclusion has been requested, and unless all other securities of the Company (including, without limitation, securities proposed to be offered by the Company) are first entirely excluded from the underwriting and registration including, without limitation, all shares that are not Registrable Securities and are held by any other person, including, without limitation, any person who is an employee, officer or director of the Company. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the Registration Statement. Any Registrable Securities and/or other securities so excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

2.2 Piggyback Registrations.

(a) The Company shall notify each Holder in writing at least thirty (30) days prior to filing any Registration Statement under the Securities Act for purposes of effecting a public offering of securities of the Company for cash (including any Registration Statement relating to secondary offerings of securities of the Company, but excluding any Registration Statements filed in connection with the IPO, under Section 2.3 of this Agreement or relating to any employee benefit plan or a corporate reorganization), and shall afford each Holder an opportunity to include in such Registration Statement all or any part of the Registrable Securities then held by such Holder to the extent provided herein. If a Holder desires to include in any such Registration Statement all or any part of the Registrable Securities held by it, it shall within twenty (20) days after receipt of the above-described notice from the Company so notify the Company in writing and in such notice shall inform the Company of the number of Registrable Securities such Holder wishes to include in such Registration Statement. If such Holder decides not to include all of its Registrable Securities in any Registration Statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent Registration Statement as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(b) Underwriting. If a Registration Statement under which the Company gives notice under this Section 2.2 is for an underwritten offering, then the Company shall so advise each Holder. In such event, the right of any of a Holder's Registrable Securities to be included in a Registration pursuant to this Section 2.2 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. If a Holder proposes to distribute its Registrable Securities through such underwriting it shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting. If the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of Common Shares to be underwritten, then the managing underwriter(s) may exclude any or all Common Shares held by the Holder from the Registration and the underwriting. If a Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the Registration Statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the Registration.

(c) No Limit on Number of Piggyback Registrations. There shall be no limit on the number of times the Holder may request Registration of Registrable Securities under this Section 2.2.

2.3 Form F-3 Registration.

(a) In case the Company shall receive from a Holder a written request or requests that the Company effect a Registration on Form F-3 or S-3, as applicable (and any related qualification or compliance) with respect to all or any part of the Registrable Securities owned by such Holder, then the Company shall promptly give written notice of the proposed Registration and such Holder's request therefor, and any related qualification or compliance, to all other Holders; and, subject to the provisions of Sections 2.3(b) and (c), as soon as practicable but in no later than forty-five (45) days after receipt of the request of such Holder, effect such Registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of such Registrable Securities of such Holder as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company.

(b) Notwithstanding anything to the contrary provided above, the Company shall not be obligated to effect any such Registration, qualification or compliance pursuant to this Section 2.3:

(i) if Form F-3 or S-3, as applicable, or similar form, is not available for such offering by the Holders;

(ii) if such Holders, together with the holders of any other securities of the Company entitled to inclusion in such Registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (before payment of any underwriters' discounts or commissions) of less than US$1,000,000;

(iii) if the Company shall furnish to the Holder requesting such Registration a certificate signed by the Chairman of the Board of Directors of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be materially detrimental to the Company and its shareholders for such Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Registration Statement no more than once during any twelve (12) month period for a period of not more than ninety (90) days after receipt of the request of the Investor requesting Registration under this Section 2.3, provided that the Company shall not register any of its other securities during such ninety (90) day period; or

(iv) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such Registration, qualification or compliance unless the Company is already qualified to do business or subject to service of process in that jurisdiction and except as may be required by the Securities Act.

(c) Underwriter's Discretion. If the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of Common Shares to be underwritten, then the managing underwriter(s) may exclude any or all Common Shares held by the Holder from the Registration and the underwriting. If a Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the Registration Statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the Registration.

(d) No Limit on Number of Form F-3 Registrations. There shall be no limit on the number of times the Holder may request Registration of Registrable Securities under this Section 2.3.

2.4 Expenses. All expenses that are applicable to the sale of Registrable Securities pursuant to this Agreement and incurred in connection with Registrations, filings or qualifications pursuant to this Agreement, including all Registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company, and one counsel for all holders of registration rights relating to any securities of the Company, shall be borne by the Company; provided that (i) each Holder shall bear its own underwriting discounts and commissions applicable to the sale of its Registrable Securities in such Registration and (ii) if one or more Holders engages its or their own counsel, such Holders shall bear the legal fees for any other counsel engaged in connection with such Registration. The Company shall not, however, be required to pay for any expenses of any Registration proceeding begun pursuant to this Agreement if the Registration request is subsequently withdrawn at the request of a majority-in-interest of the Holders requesting such Registration (in which case all participating holders shall bear (or reimburse the Company to the extent paid by the Company) such expenses pro rata based upon the number of Registrable Securities that were to be thereby Registered in the withdrawn Registration).

2.5 Obligations of the Company. Whenever required to effect the Registration of any Registrable Securities under this Agreement the Company shall, as expeditiously as reasonably possible:

(a) Registration Statement. Prepare and file with the SEC a Registration Statement with respect to such Registrable Securities and use its best efforts to cause such Registration Statement to become effective provided, however, that (x) before filing a Registration Statement or prospectus or any amendments or supplements thereto, the Company shall provide counsel for holders of registration rights relating to securities of the Company with an adequate and appropriate opportunity to review and comment on such Registration Statement and each prospectus included therein (and each amendment or supplement thereto) to be filled with the SEC, subject to such documents being under the Company's control, and (y) the Company shall notify the counsel and each seller of Registrable Securities of any stop order issued or threatened by the SEC and take all action required to prevent the entry of such stop order or to remove it if entered.

(b) Amendments and Supplements. Prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in

connection with such Registration Statement to keep such Registration Statement effective for up to the shorter of one hundred twenty (120) days or until the distribution contemplated in the Registration Statement has been completed, provided that if a Holder has requested that a Registration be for an offering on a continuous basis pursuant to Rule 415 under the Securities Act, then the Company shall keep such Registration Statement effective until the shorter of (i) one hundred and eighty (180) days or (ii) until such time as all Registrable Securities covered by such Registration Statement have been sold, and the Company shall comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement.

(c) Prospectuses. Furnish to each Holder such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as it may reasonably request in order to facilitate the disposition of Registrable Securities owned by it.

(d) Blue Sky. Use its best efforts to register and qualify the securities covered by such Registration Statement under such other securities or "blue sky" laws of such jurisdictions as shall be reasonably requested by a Holder, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions unless the Company is already subject to service of process in such jurisdiction and except as may be required by the Securities Act.

(e) Underwriting. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. The Holders participating in such underwriting shall also enter into and perform its obligations under such an agreement with respect to its securities included in such underwriting; provided that (i) no Holder will be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements specifically regarding such Holder, its rights, title and interest in the Registrable Securities and its intended method of distribution and (ii) no Holder will be required to provide an indemnity in such underwriting agreement that is broader than the provisions in Section 2.7(b) of this Agreement.

(f) Notification. Notify the Holders of Registrable Securities covered by such Registration Statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statement therein not misleading in the light of the circumstances then existing and the Company shall promptly prepare a supplement or amendment to such prospectus (and, if necessary, a post-effective amendment to the Registration Statement) and furnish to the seller of Registrable Securities a reasonable number of copies of such supplement to or an amendment of such prospectus as may be necessary so that, after delivery to the purchasers of such Registrable Securities, such

prospectus shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(g) Exchange Listing. Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed.

(h) Transfer Agent and CUSIP. Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such Registration.

(i) To use its commercially reasonable efforts to furnish, at the request of the Holder requesting registration of Registrable Securities pursuant to this Agreement, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a Registration pursuant to this Agreement, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, a copy of (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any and (ii) a letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters.

(j) Make available at reasonable times for inspection by any managing underwriter participating in any disposition of such Registrable Securities pursuant to a registration statement, the counsel selected by any managing underwriter (each, an "Inspector" and collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's and its subsidiaries' officers, directors and employees, and the independent public accountants of the Company, to supply at reasonable times all information reasonably requested by any such Inspector in connection with such registration statement. No Records shall be disclosed by the Inspectors (and the Inspectors shall confirm their agreement in writing in advance to the Company if the Company shall so request) unless (x) the disclosure of such Records is necessary, in the Company's judgment, to avoid or correct a misstatement or omission in the registration statement, (y) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction after exhaustion of all appeals therefrom or (z) the information in such Records was known to the Inspectors on a non-confidential basis prior to its disclosure by the Company or has been made generally available to the public. The Seller of Registrable Securities agrees that it shall, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at the Company's expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential.

2.6 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 that the Investors shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to timely effect the Registration of its Registrable Securities.

2.7 Indemnification. In the event any Registrable Securities are included in a Registration Statement under this Section 2:

(a) Indemnification by the Company. To the extent permitted by law, the Company shall indemnify and hold harmless each Holder, and each of their respective partners, officers, directors, employees, advisors, agents, any underwriter (as defined in the Securities Act) for such Holder, and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against all losses, claims, damages and liabilities (joint or several; or actions, proceedings or settlements in respect thereof) to which such Holder, partner, officer, director, employee, advisor, agent, underwriter or controlling Person may become subject under laws which are applicable to the Company and relate to action or inaction required of the Company in connection with any Registration, qualification or compliance, insofar as such losses, claims, damages or liabilities(or actions, proceedings or settlements in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"):

(i) any untrue statement or alleged untrue statement of a material fact contained in such Registration Statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto;

(ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading; or

(iii) any violation or alleged violation by the Company of the Applicable Securities Law, or any rule or regulation promulgated under the Applicable Securities Law;

and the Company shall reimburse such Holder, partner, officer, director, employee, advisor, agent, underwriter and controlling Person for any legal or other expenses reasonably incurred by them, as such expenses are incurred, in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; provided, however, that the indemnity agreement contained in this Section 2.7(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, action or proceeding if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability, action or proceeding to the extent that it arises out of or is based upon (A) a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such Registration by a Holder or any of their respective partners, officers, directors,

employees, advisors, agents, underwriters or controlling Persons or (B) delivery of a prospectus by a Holder who has received notice from the Company that the Registration Statement relating thereto contains an untrue statement of a material fact or an omission of a material fact.

(b) Indemnification by the Investors. To the extent permitted by law, each Holder shall, if Registrable Securities held by such Holder are included in the securities as to which such Registration, qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its employees, advisors, agents and directors, each of its officers who has signed the Registration Statement, each Person, if any, who controls the Company within the meaning of the Securities Act and any underwriter, against any losses, claims, damages or liabilities (joint or several; or actions, proceedings or settlements in respect thereof) to which the Company or any such director, officer, legal counsel, controlling Person underwriter may become subject under the Securities Act, the Exchange Act or other United States federal or state law, insofar as such losses, claims, damages or liabilities (or actions, proceedings or settlements in respect thereof) arise out of or are based upon any of the following statements, omissions or Violation, in each case to the extent (and only to the extent) that such statement, omission or Violation occurs in sole reliance upon and in conformity with written information furnished by such Holder, or its partners, officers, directors, employees, advisors, agents, underwriters or controlling Persons expressly for use in connection with such Registration:

(i) untrue statement or alleged untrue statement of a material fact contained in such Registration Statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; or

(ii) omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading,

and such Holder shall reimburse any legal or other expenses reasonably incurred by the Company or any such employee, advisor, agent, director, officer, controlling Person or underwriter in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; provided, however, that the indemnity agreement contained in this Section 2.7(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, action or proceeding if such settlement is effected without the consent of such Holder, which consent shall not be unreasonably withheld; and provided, further, that except for liability for willful fraud or misrepresentation, in no event shall any indemnity under this Section 2.7(b) exceed the net proceeds received by such Holder in such Registration. For the avoidance of doubt, the obligations of the Holders under this Section 2.7(b) are several but not joint.

(c) Notice. Promptly after receipt by an indemnified party of notice of the commencement of any action (including any governmental action), such indemnified party shall, if a claim in respect thereof is to be made against any indemnifying party, deliver to the indemnifying party a written notice of the commencement thereof and the

indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, as incurred, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential conflict of interests between such indemnified party and any other party represented by such counsel in such proceeding.

(d) Survival; Consents to Judgments and Settlements. The obligations of the Company and Holders under this Section 2.7 shall survive the completion of any offering of Registrable Securities in a Registration Statement under this Section 2. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

2.8 Rule 144 Reporting. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Registrable Securities to the public without Registration or pursuant to a Registration on Form F-3 or S-3, as applicable, after such time as a public market exists for the Common Shares, the Company agrees to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times after the effective date of the first Registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) File with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) So long as a Holder owns any Registrable Securities, (x) to furnish to such Holder forthwith upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the Company's initial public offering), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or its qualification as a registrant whose securities may be resold pursuant to Form F-3 or S-3, as applicable (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and (iii) such other reports and documents of the Company as such Holder may reasonably request in availing itself of any rule or regulation of the SEC that permits the selling of any such securities without Registration or pursuant to Form F-3 or S-3, as applicable; and (y) to procure the removal of the legend on the restricted securities of the Company held by such Holder in connection with the resale by such Holder of such securities under Rule 144.

2.9 Termination. The Company shall have no obligations to register any Registrable Securities proposed to be sold by any Holder after the earlier of (a) five (5) years following the

closing of the IPO and (b) such time as pursuant to Rule 144 or another similar exemption under the Securities Act such Holder is able to sell all of its Registrable Securities without Registration. In connection with the foregoing, if any Registrable Securities become eligible for sale pursuant to Rule 144(d) or no longer constitute "restricted securities" (as defined under Rule 144(a)), the Company shall, upon the request of a Holder, promptly remove (or authorize the transfer agent to remove) any restrictive legend set forth in the certificates for such Common Shares.

3. Miscellaneous.

3.1 Governing Law. This Agreement shall be governed by and construed under the Laws of the State of New York, without regard to principles of conflicts of law thereunder.

3.2 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

3.3 Notices. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to such party. Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a confirmation of delivery, and to have been effected at the expiration of two days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid.

3.4 Headings and Titles. Headings and titles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

3.5 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such Party may be entitled.

3.6 Successors and Assigns. The registration rights granted to each Investor under this Agreement may be assigned (but only together with the related obligations) by such Investor to a transferee of Registrable Securities that (i) is an Affiliate of such Investor, (ii) an immediate family member or trust for the benefit of such Investor (or its Affiliate), or (iii) after such transfer, holds at least 30% of the Registrable Securities owned by such Investor as of the date hereof (subject to appropriate adjustments for stock splits, dividends, combinations or the like); provided, however, that (x) the Company is furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred, and (y) such transferee agrees in a written instrument delivered to the Company to be bound by the terms and conditions of this Agreement.

3.7 Entire Agreement; Amendments and Waivers. This Agreement (including any Schedules or Exhibits hereto) constitutes the full and entire understanding and agreement among

the Parties with regard to the subjects hereof and thereof, and supersedes all other agreements between or among any of the Parties with respect to the subject matter hereof. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of both Parties.

3.8 Severability. If a provision of this Agreement is held to be unenforceable under applicable Laws, such provision shall be excluded from this Agreement and the remainder of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

3.9 Further Assurances. The Parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the intent of this Agreement.

3.10 Rights Cumulative. Each and all of the various rights, powers and remedies of a party hereto will be considered to be cumulative with and in addition to any other rights, powers and remedies which such party may have at law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such party.

3.11 No Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy power hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

3.12 No Presumption. The Parties acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

/s/ Ellis Yan
Ellis Yan

/s/ Solomon Yan
Solomon Yan

LILLIAN YAN IRREVOCABLE STOCK TRUST

By: /s/ Ira Kaplan
Ira Kaplan, Trustee

By: /s/ Valarie Campbell
Valarie Campbell, Trustee

TCP INTERNATIONAL HOLDINGS LTD.

By: /s/ Ellis Yan
Ellis Yan, Chief Executive Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Ellis Yan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TCP International Holdings Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Ellis Yan
Ellis Yan
Chief Executive Officer, Chairman and Director

Date: August 8, 2014

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Brian Catlett, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TCP International Holdings Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Brian Catlett
Brian Catlett
Chief Financial Officer and Treasurer

Date: August 8, 2014

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of TCP International Holdings Ltd. (the Company) on Form 10-Q for the period ending June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Ellis Yan, Chief Executive Officer and Chairman of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Ellis Yan
Ellis Yan
Chief Executive Officer

Date: August 8, 2014

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of TCP International Holdings Ltd. (the Company) on Form 10-Q for the period ending June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Brian Catlett, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Brian Catlett
Brian Catlett
Chief Financial Officer and Treasurer

Date: August 8, 2014