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TC ORIENT LIGHTING HOLDINGS LIMITED
達進東方照明控股有限公司

(Incorporated in the Cayman Islands with limited liability)

website: www.tatchun.com

(Stock Code: 515)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The board of directors (the "**Board**") of TC Orient Lighting Holdings Limited (the "**Company**") is pleased to announce the annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2016 (the "**Year**") together with the comparative amounts for the corresponding year in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Turnover	*4*	**395,450**	533,608
Cost of sales		**(391,564)**	(493,325)
Gross profit		**3,886**	40,283
Other income	*5*	**20,435**	24,520
Other gains and losses	*6*	**(14,462)**	(281)
Share result of an associate		**(78)**	–
Selling and distribution expenses		**(24,122)**	(31,287)
Administrative expenses		**(62,905)**	(106,029)
Finance costs	*7*	**(12,699)**	(11,203)
Loss before tax		**(89,945)**	(83,997)
Income tax expense	*8*	**(2,577)**	(434)
Loss for the year	*9*	**(92,522)**	(84,431)

	Notes	**2016** **HK$'000**	2015 *HK$'000*
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss			
Deficit on revaluation of properties		**(6,916)**	(8,334)
Deferred tax assets arising from revaluation of properties		**1,729**	2,084
		(5,187)	(6,250)
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation		**6,154**	(5,503)
Other comprehensive income/(expense) for the year		**967**	(11,753)
Total comprehensive expense for the year		**(91,555)**	(96,184)
Loss for the year attributable to:			
Owners of the Company		**(89,036)**	(81,225)
Non-controlling interests		**(3,486)**	(3,206)
		(92,522)	(84,431)
Total comprehensive expense attributable to:			
Owners of the Company		**(86,492)**	(92,640)
Non-controlling interests		**(5,063)**	(3,544)
		(91,555)	(96,184)
			(restated)
Loss per share			
Basic and diluted	*10*	**(HK$0.11)**	(HK$0.12)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**186,578**	211,111
Prepaid lease payments — non-current portion		**31,463**	18,844
Interests in associates		**24,404**	12,500
Trade receivables with extended credit terms	*12(a)*	**41,998**	50,055
Deposits paid for acquisition of property, plant and equipment		**–**	126
		284,443	292,636
Current assets			
Inventories		**70,523**	54,025
Prepaid lease payments — current portion		**915**	615
Trade and other receivables	*12(a)*	**415,171**	485,376
Bills receivable	*12(b)*	**4,528**	2,752
Pledged bank deposits		**79,051**	85,737
Bank balances, deposits and cash		**67,761**	43,789
		637,949	672,294
Assets classified as held for sale		**–**	15,280
		637,949	687,574
Current liabilities			
Trade and other payables	*13(a)*	**352,692**	344,945
Bills payable	*13(b)*	**80,541**	135,146
Taxation payable		**75,098**	75,712
Bank borrowings — due within one year		**133,468**	121,657
Obligations under finance leases — due within one year		**225**	298
		642,024	677,758
Net current (liabilities)/assets		**(4,075)**	9,816
Total assets less current liabilities		**280,368**	302,452
Non-current liabilities			
Obligation under finance leases — due after one year		**–**	225
Deferred taxation		**15,003**	16,732
		15,003	16,957
Net assets		**265,365**	285,495
Capital and reserves			
Share capital		**102,964**	53,074
Reserves		**162,541**	227,498
Equity attributable to owners of the Company		**265,505**	280,572
Non-controlling interests		**(140)**	4,923
Total equity		**265,365**	285,495

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 12 November 2004 and was registered as a non-Hong Kong Company under Part 16 of Hong Kong Companies Ordiance (Cap.622) ("**new CO**"). Its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Able Turbo Enterprises Limited ("**Able Turbo**") is the substantial shareholder of the Company. Able Turbo is owned to 60.31% by Mr. Chen Hua (a director of the Company) and 39.69% by Mr. Li Xiangen. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The Company is an investment holding company.

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

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") issued by the HKICPA, which are effective for the Group's financial year beginning on or after 1 January 2016.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements

Annual Improvements to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments shall be applied prospectively.

The amendments to HKFRS 7 *Disclosure — Offsetting Financial Assets and Financial Liabilities* provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 *Interim Financial Reporting*.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in opening retained earnings of the earliest comparative period presented.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere in the interim financial report. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The application of the said amendments to HKFRSs has had no material effect on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 *Investment Entities: Applying the Consolidation Exception*

The amendments to HKFRS 10 *Consolidated Financial Statements*, HKFRS 12 *Disclosure of Interests in Other Entities* and HKAS 28 *Investments in Associates and Joint Ventures* clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary, whose main purpose is to provide services and activities that are related to the investment activities of the investment entity parent, applies only to subsidiaries that are not investment entities themselves.

The application of these amendments to HKFRS 10, HKFRS 12 and HKAS 28 has had no material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any subsidiary, associate or joint venture that qualifies as an investment entity.

Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 regarding impairment testing of a cash-generating unit ("**CGU**") to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation on its formation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The application of these amendments to HKFRS 11 has had no material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 *Disclosure Initiative*

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

The application of these amendments to HKAS 1 has had no material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- when the intangible asset is expressed as a measure of revenue; or
- when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation for its plant and equipment. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the application of these amendments to HKAS 16 and HKAS 38 has had no material impact on the Group's consolidated financial statements.

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost;
- in accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 for entities that have not yet adopted HKFRS 9); or
- using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

The application of the other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 4 (Amendments)	Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
4 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 ***Financial Instruments***

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 that are relevant to the Group are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may impact the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

HKFRS 15 ***Revenue from Contracts with Customers***

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The Group is in the process of assessing the potential impact of the other new and revised HKFRSs upon initial application but is not yet in a position to state whether the other new and revised HKFRSs, will have a significant impact on the Group's financial performance and position.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the buildings, which have been measured at revaluation value. The consolidation financial statements are presented in Hong Kong dollars ("**HK$**"), and rounded to the nearest thousand except when otherwise indicated.

(b) Basis of preparation financial statements

Going concern basis

The Group incurred a loss attributable to owners of the Company of approximately HK$92,522,000 during the year ended 31 December 2016 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$4,075,000. In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors adopted the going concern basis for the preparation of the consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group.

(1) Alternative sources of external funding

On 22 and 26 September 2016, the Company and several subscribers of convertible bond (the "**CB Subscribers**") entered into the bond subscription agreements, pursuant to which the Company has conditionally agreed to issue, and the CB Subscribers have agreed to subscribe for, the convertible bonds in aggregate principal amount of HK$285,000,000. As of the date of this report, the subscription is in progress and subject to obtain approval from the shareholders of the Company.

(2) Attainment of profitable and positive cash flow operations

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

(3) Necessary facilities

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

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

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

4. TURNOVER

	2016	2015
	HK$'000	*HK$'000*
An analysis of the Group's turnover is as follows:		
Sales of printed circuit boards ("**PCB**")	**349,621**	527,811
Sales of light emitting diode ("**LED**") lighting	**9,242**	5,797
Tradings of tower and electric cable	**36,587**	–
	395,450	533,608

5. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**2,173**	2,121
Imputed interest on trade receivables with extended credit terms	**5,943**	5,258
Sales of scarp materials	**10,954**	14,830
Government grants *(note)*	**356**	477
Others	**1,009**	1,834
	20,435	24,520

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

6. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Net foreign exchange gain	**2,691**	2,603
Impairment loss recognised on other receivables	**(3,196)**	–
Amounts recovered as uncollectible trade receivables with extended credit terms	**–**	400
Amounts recovered as uncollectible trade receivables with normal credit terms	**373**	–
Impairment loss recognised on trade receivables with extended credit forms	**(14,050)**	–
Impairment loss recognised on trade receivables with normal credit terms	**(22)**	–
Provision for compensation charges	**(134)**	(2,166)
Reversal of impairment loss previously recognised on trade receivables with normal credit terms	**–**	338
Reversal of impairment loss previously recognised on trade receivables with extended credit terms	**3,021**	–
Loss on disposal/written off of property, plant and equipment	**(2,828)**	(695)
Others	**(317)**	(761)
	(14,462)	(281)

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on:		
— Bank and other borrowing wholly repayable within five years	**12,668**	11,160
— Obligations under finance leases	**31**	43
	12,699	11,203

8. INCOME TAX EXPENSE

	2016 *HK$'000*	2015 *HK$'000*
The charge comprises:		
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**2,577**	28
Hong Kong Profits Tax	**–**	406
	2,577	434

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Under the Law of the People's Republic of China on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

EIT arises from the taxable profit from certain PRC subsidiaries. Pursuant to the relevant laws and regulations in the PRC, 達進東方照明(深圳)有限公司 is granted as High-Technology Enterprise and will be entitled to a favourable tax rate of 15% for the years from 2013 to 2015.

9. LOSS FOR THE YEAR

	2016 *HK$'000*	2015 *HK$'000*
Loss for the year has been arrived at after charging:		
Employee expenses, including directors' and chief executive officer's remuneration *(note)*	**98,735**	147,408
Retirement benefit schemes contributions *(note)*	**10,161**	11,524
Total employee expenses	**108,896**	158,932
Auditors' remuneration	**1,800**	2,000
Non-audit service		
— Investment circular report	**130**	–
— Interim review	**300**	400
Cost of inventories recognised as an expense	**391,564**	493,325
Depreciation of property, plant and equipment	**24,670**	27,290
Research and development costs recognised as an expense	**1,836**	2,574
Amortisation of prepaid lease payments	**1,666**	615

Note: Employee expenses and retirement benefit schemes contributions were included the direct and indirect labour cost, they have been recognised in the cost of inventories and administrative expenses.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the year is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Loss		
Loss for the purposes of basic and diluted loss per share, loss for the year attributable to owners of the Company	**(89,036)**	(81,225)

	2016	2015
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**811,687**	660,189

Note: The weighted average number of ordinary shares for the year ended 31 December 2015 has been adjusted for the open offer completed during the year ended 31 December 2016.

The calculation of the diluted loss per share for both years did not assume the exercise of the Company's outstanding share options as the effect is anti-dilutive.

11. DIVIDENDS

The Board of Directors do not recommend the payment of any dividend for the year ended 31 December 2016 (2015: Nil).

12. TRADE, BILLS AND OTHER RECEIVABLES

(a) Trade and other receivables

	2016	2015
	HK$'000	*HK$'000*
Trade receivables with normal credit terms	**176,985**	152,337
Less: Allowance for doubtful debts	**(1,473)**	(1,451)
	175,512	150,886
Trade receivables with extended credit terms	**152,194**	184,771
Less: Allowance for doubtful debts	**(19,337)**	(8,308)
	132,857	176,463
Total trade receivables, net of allowance for doubtful debts	**308,369**	327,349
Less: Non-current portion of trade receivables with extended credit terms	**(41,998)**	(50,055)
Current portion of trade receivables	**266,371**	277,294

The Group generally allows an average credit period of 30 days to 180 days to its trade on PCB customers and tradings of towers and electric cable customers with normal credit terms and credit period ranging from one year to ten years to its trade on LED lighting customers with extended credit terms which is based on the contractual repayment schedule. The following is an aging analysis of trade receivables with normal credit terms and trade receivables with extended credit terms, net of allowance for doubtful debts, respectively, presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	Extended credit terms		**Normal credit terms**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
0–30 days	**–**	362	**68,418**	40,846	**68,418**	41,208
31–60 days	**–**	–	**41,191**	33,723	**41,191**	33,723
61–90 days	**–**	–	**26,341**	31,325	**26,341**	31,325
91–180 days	**–**	1,094	**31,586**	41,926	**31,586**	43,020
Over 180 days	**132,857**	175,007	**7,976**	3,066	**140,833**	178,073
	132,857	176,463	**175,512**	150,886	**308,369**	327,349

(b) Bills Receivable

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

	2016	2015
	HK$'000	*HK$'000*
0–30 days	**109**	2,739
31–60 days	**454**	–
Over 60 days	**3,965**	13
	4,528	2,752

13. TRADE, BILLS AND OTHER PAYABLES

(a) Trade and other payables

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2016	2015
	HK$'000	*HK$'000*
0–30 days	**25,889**	24,949
31–60 days	**28,524**	20,600
61–90 days	**13,211**	13,663
91–180 days	**33,287**	49,236
Over 180 days	**40,575**	58,737
Total trade payables	**141,486**	167,185
Other payables	**190,849**	148,589
Accrued salaries and other accrued charges	**20,357**	29,171
	352,692	344,945

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

(b) Bills payable

The aged analysis of bills payable is as follows:

	2016	2015
	HK$'000	*HK$'000*
0–30 days	**8,463**	51,012
31–60 days	**13,006**	5,814
61–90 days	**30,131**	8,328
91–180 days	**28,941**	69,992
	80,541	135,146

14. SEGMENTAL INFORMATION

The Group determines its operating segment based on the reports reviewed by the chief operating decision maker for making strategic decisions. The Group is engaged in the manufacturing and trading of PCB and LED lighting and tradings of towers and electric cable and the information reported to the chief operating decision maker was analysed based on the three types of PCB, LED lighting and tradings of towers and electric cable which represent the operating segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- Manufacturing and trading of Single-sided PCB ("**Single-sided PCB**")
- Manufacturing and trading of Double-sided PCB ("**Double-sided PCB**")
- Manufacturing and trading of Multi-layered PCB ("**Multi-layered PCB**")
- Manufacturing and trading of LED lighting
- Tradings of tower and electric cable

No information of segment assets and liabilities is available for the assessment of performance of different operating segments. Therefore, only segment turnover and segment results are presented.

Segment turnover and results

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

	2016	2015
	HK$'000	*HK$'000*
TURNOVER — external sales		
Single-sided PCB	**94,526**	157,811
Double-sided PCB	**141,909**	212,969
Multi-layered PCB	**113,186**	157,031
LED lighting	**9,242**	5,797
Tradings of tower and electric cable	**36,587**	–
Total	**395,450**	533,608
RESULTS		
Segment losses		
— Single-sided PCB	**(16,586)**	(18,688)
— Double-sided PCB	**(24,900)**	(25,219)
— Multi-layered PCB	**(19,860)**	(18,595)
— LED lighting	**(22,402)**	(10,863)
— Tradings of tower and electric cable	**8,943**	–
	(74,805)	(73,365)
Other income	**986**	3,955
Central administrative costs	**(3,427)**	(3,384)
Finance costs	**(12,699)**	(11,203)
Loss before tax	**(89,945)**	(83,997)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss incurred by each segment after allocation of selling and administrative staff cost with reference to turnover and without allocation of certain other income, central administrative costs (mainly including audit fee, exchange loss and depreciation of property, plant and equipment for administrative purpose) and finance costs. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment.

Other segment information

Amounts included in the measure of segment results:

	2016	2015
	HK$'000	*HK$'000*
Depreciation and amortisation		
— Single-sided PCB	**6,125**	7,591
— Double-sided PCB	**9,196**	10,244
— Multi-layered PCB	**7,334**	7,553
— LED lighting	**968**	1,133
— Tradings of tower and electric cable	**–**	–
	23,623	26,521
— unallocated	**1,047**	1,384
	24,670	27,905
Net written off/impairment loss (reversed)/recognised in respect of trade and other receivables		
— Single-sided PCB	**–**	(338)
— Double-sided PCB	**–**	–
— Multi-layered PCB	**(351)**	–
— LED lighting	**14,225**	(400)
— Tradings of tower and electric cable	**–**	–
	13,874	(738)

Geographical information

Detailed below is information about the Group's turnover from external customers and information about its non-current assets (excluding trade receivables with extended credit terms and interests in associates), analysed by their geographical location: Group's operations are located in HK and the PRC.

	Turnover from external customers For the year ended 31 December		Non-current assets As at 31 December	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Asia:				
HK	**70,790**	128,159	**753**	1,199
Taiwan	**14,940**	37,391	**–**	–
The PRC (other than HK and Taiwan)	**243,157**	240,433	**217,288**	228,882
Japan	**–**	250	**–**	–
Other Asian countries	**11,888**	36,146	**–**	–
Europe:				
Austria	**11,016**	24,595	**–**	–
Holland	**155**	10,798	**–**	–
Hungary	**9,916**	5,348	**–**	–
Switzerland	**1,664**	25	**–**	–
Turkey	**16,631**	11,700	**–**	–
Other European countries	**1,579**	14,632	**–**	–
Others	**13,714**	24,131	**–**	–
	395,450	533,608	**218,041**	230,081

The non-current assets excluded interests in associates and trade receivables with extended credit terms.

Information about major customers

Revenue from major customers, each of them accounted for the 10% or more of the Group's revenue, are set out below:

	2016	2015
	HK$'000	*HK$'000*
Customer A	**53,274**	–

15. LITIGATION

(a) On 9 December 2014, TC Orient (Jiangsu) Optoelectronic Company Limited (達進東方(江蘇)光電有限公司) ("**TCO Jiangsu**"), a subsidiary of the Company, received a writ issued by 連雲港市連溧椿基工程有限公司中雲分公司 (the "**Plaintiff**") against TCO Jiangsu and filed with Lianyungang City Lianyun District People's Court ("**Lianyungang Court**") together with the related court summons, whereby the Plaintiff alleged that TCO Jiangsu shall make a payment of RMB1,331,000 (approximately HK$1,662,000) to them in settlement of certain construction cost. In view of the possible cash outflow arising from such proceedings, the full amount of the claim was provided for and recognised as other gains and losses in the consolidated financial statements for the year ended 31 December 2014. In July 2015, Lianyungang Court made an order requiring TCO Jiangsu to make full payment under the claim. In April 2016, Lianyungang Court granted a seizure order (the "**Seizure Order**") over a piece of land ("**Jiangsu Land**") owned by TCO Jiangsu in favour of the Plaintiff, such that if TCO Jiangsu fails to settle the judgment debt then Lianyungang Court shall arrange for an auction or market disposal of the Jiangsu Land. In September and October 2016, other subsidiaries of the Group have fully settled the Plaintiff's judgment debt on TCO Jiangsu's behalf. In November 2016, upon TCO Jiangsu's application to Lianyungang Court, the Seizure Order over the Jiangsu Land was discharged.

(b) The Company was informed by its legal advisers that a writ of summons dated 10 May 2016 under Hong Kong High Court Action No. 1228/2016 (the "**Legal Action**") was filed by Mr. Li Jian Chao ("**Mr. Li**", formerly the chief executive officer and executive director the Company before he resigned on 5 June 2015) seeking to claim from the Company an alleged outstanding special bonus payment in the amount of HK$1,640,000. On 12 July 2016, the Company filed a defence and counterclaim against Mr. Li (the "**Counterclaim**"), whereby the Company denied (inter alia) that Mr. Li is entitled to the alleged amount and counterclaimed from Mr. Li (inter alia) a total sum of HK$5,224,000, being wrongful receipts by Mr. Li based on certain invalid resolutions purportedly passed by the Board between 31 December 2014 and 4 June 2015, and/or damages for breach of fiduciary duties by Mr. Li when he was a director of the Company between 1 September 2014 and 5 June 2015. Further details relating to the Legal Action and Counterclaim are more particularly set out in the Company's announcements dated 13 May 2016 and 14 July 2016.

(c) In August 2016, Shenzhen Qianhai Dahuangyuan Finance Lease Company Limited (深圳市前海大荒緣融資租賃有限公司) applied to the China Guangzhou Arbitration Commission for an arbitration against TCO Jiangsu alleging that TCO Jiangsu owed the applicant joint and several liability in the payable in the amount of RMB4,200,000 owed by certain subsidiaries of the Group to the applicant. On 4 August 2016, a conciliation statement was issued by the China Guangzhou Arbitration Commission, vide Case No. (2016) Wei Zhong Zhong An Zhi Di 5476 ((2016) 穗仲中案字第5476號) (the "**Arbitration**"), in which TCO Jiangsu agreed to pay the alleged amount of RMB4,200,000. In September 2016, the applicant applied to Lianyungang Intermediate People's Court for an enforcement order in favour of the applicant to enforce against certain bank accounts of TCO Jiangsu for the amount of RMB4,464,854. Having regard to the Notice of Enforcement Conclusion issued by the Lianyungang Intermediate People's Court, the court case No. (2016) Su 07 Zhi No. 332 ((2016) 蘇07執332號) had been enforced and concluded and accordingly, the PRC legal adviser of the Group, Beijing Yingke Law Firm Guangzhou Office, advised that there is no possibility that the Jiangsu Land will be seized under the Arbitration.

EXTRACT OF THE AUDITORS' REPORT

The following is an extract of the independent auditor's report on the Group's annual financial statements for the year ended 31 December 2016:

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Group incurred a loss of approximately HK$92,522,000 during the year ended 31 December 2016 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$4,075,000. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The PCB business has been facing difficult operating environment due to shrinkage of export markets and high raw material and operational costs. In recent years, the Group has placed more efforts to extend our PCB segment in PRC market where competition in the PCB industry was persistently fierce. During the year, the Group has paid great attention and effort to develop high value added PCB products, particularly the copper-based PCB, which is engaged in clean and environmental-friendly applications.

During the Year, the Group's LED business focused on credit management, control and inspection, acceptance and transfer of projects under development, with a view to optimizing the trade receivables of the Group's LED business. Due to the trading suspension in the first four months and the funding pressure of the Group, business expansion slowed down during the Year, while other business efforts focused on expediting project inspection, acceptance and collection of trade receivables.

In order to capitalise on the Group's strengths in the LED market for its established brand, reputation, qualifications and track record, the Group plans to implement a business partner system in three areas, namely, consolidating organizational structure, consolidating product platform and consolidating market resources, which is targeted to facilitate the Group to obtain more market resources, to realize diversified development and to expand into LED markets other than road lamps.

On behalf of the Board, I would like to express our sincere gratitude to our shareholders, business partners, customers, the management team and our staff for their great support to the Group over the years.

BUSINESS REVIEW

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

	Year 2016		Year 2015		Increase/ (decreased)	Change in
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	%
LED Lighting	**9,242**	**2.3%**	5,797	1.1%	3,445	59.4%
Single-sided PCB	**94,526**	**23.9%**	157,811	29.6%	(63,285)	(40.1)%
Double-Sided PCB	**141,909**	**35.9%**	212,969	39.9%	(71,060)	(33.4)%
Multi-layered PCB	**113,186**	**28.6%**	157,031	29.4%	(43,845)	(27.9)%
Tradings of tower and electric cable	**36,587**	**9.3%**	–	–	36,587	N/A
	395,450	**100.0%**	533,608	100.0%	(138,158)	(25.9)%

The three categories of PCB products are mainly applied in consumer electronics, computers and computer peripherals, and communications equipment. During the Year, single-sided PCB and doubled-sided PCB's used for consumer electronics accounted for approximately 59.8% (2015: 69.5%) of the Group's turnover. High-end multi-layered PCBs were also a core product of the Group, accounting for 28.6% (2015: 29.4%) of turnover.

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

	Year 2016		Year 2015		Increase/ (decreased)	Change in
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Hong Kong	**70,790**	**17.9%**	128,159	24.0%	(57,369)	(44.8)%
The PRC	**243,157**	**61.5%**	240,433	45.1%	2,724	1.1%
Asia (Excluding Hong Kong and the PRC)	**26,828**	**6.8%**	73,787	13.8%	(46,959)	(63.6)%
Europe	**40,961**	**10.3%**	67,098	12.6%	(26,137)	(39.0)%
Others	**13,714**	**3.5%**	24,131	4.5%	(10,417)	(43.2)%
	395,450	**100.0%**	533,608	100.0%	(138,158)	(25.9)%

The Group has two PCB manufacturing plants both located at Zhongshan, Guangdong of the PRC and one LED manufacturing plant located at Shenzhen, Guangdong of the PRC, summarised as follows:

Production plant	**Location**	**Area**	**Products**	**Production capacity**	**Commencement of operations**
LED Lighting	Shenzhen, Guangdong, the PRC	3,000 sq. m.	LED lighting	15,000 LED lamps per month	July 2010
Plant 1	Zhongshan, Guangdong, the PRC	58,000 sq. m.	1 layered PCBs	1,300,000 sq. ft. per month	May 2003
Plant 2	Zhongshan, Guangdong, the PRC	52,000 sq. m.	2–12 layered PCBs	900,000 sq. ft. per month (phase 1)	October 2007 (phase 1)

FINANCIAL REVIEW

For the Year, the Group's turnover amounted to approximately HK$395.5 million (2015: HK$533.6 million), representing a decrease of 25.9% as compared to the last year. The turnover of LED lighting has increased by 59.4% when compared with 2015. The gross profit margin for the year of 2016 was 1.0% (2015: 7.5%). The gross profit margins for LED lighting, PCBs and Tower & electric cable are were -1.3%, –3.7% and 24.9% respectively.

The decrease in the turnover and gross profit margin for PCB business was mainly attributable to (i) increase in competition in PCB industry; and (ii) reduction in the average selling price of PCB. Loss attributable to shareholders was approximately HK$89.0 million (2015: HK$81.2 million).

Impairment loss in respect of property, plant and equipment

No impairment losses were recognised respectively for 2015 and 2016 in respect of plant and machinery and leasehold improvements.

Impairment loss in respect of inventories

No impairment loss (2015: HK$Nil) has been recognised in respect of inventories for the year ended 31 December 2016.

Recognised share based payments

During the year ended 31 December 2016, the Group did not recognise any share based payment (2015: HK$Nil). No negative cash flow effect is made to the Group as a result of these share based payments.

Written off/impairment loss recognised on trade receivables and other receivables

During the Year, the management performed an impairment assessment on trade receivables and other receivables, total net impairment losses of HK$13.87 million including both LED lighting and PCB business were recognised.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2016, the Group had total assets of approximately HK$922.4 million (31 December 2015: HK$980.2 million) and interest-bearing borrowings of approximately HK$243.4 million (31 December 2015: HK$166.4 million), representing a gearing ratio, defined as interest-bearing borrowings over total assets, of approximately 26.4% (31 December 2015: 17.0%).

The Group had net current liabilities of approximately HK$4.1 million (31 December 2015: net current assets of HK$9.8 million) consisted of current assets of approximately HK$637.9 million (31 December 2015: HK$687.60 million) and current liabilities of approximately HK$642.0 million (31 December 2015: HK$677.8 million), representing a current ratio of approximately 0.99 (31 December 2015: 1.01).

As at 31 December 2016, the Group had cash and bank balances (including pledged bank deposits) of approximately HK$146.8 million (31 December 2015: HK$129.5 million). As at 31 December 2016, the Group had cash and bank balances (excluding pledged bank deposits), of approximately HK$67.8 million (31 December 2015: HK$43.8 million).

FOREIGN CURRENCY EXPOSURE

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

HUMAN RESOURCES

As at 31 December 2016, the Group employed a total of approximately 1,322 employees (31 December 2015: 1,687), including approximately 1,260 employees in its Zhongshan production site, 40 employees in its PRC LED and other business units and approximately 22 employees in its Hong Kong office.

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

OUTLOOK

The Group anticipates that the export market of the PCB business will continue to be difficult in 2017. Although the Group has been developing the local PRC market to seek to develop its market share, it is necessary for the Group to dedicate more efforts on the research and development with the view to achieving product upgrade. In this respect, the Group has paid high attention to develop high value added PCB products, particularly the copper-based PCB engaged in clean and environmental-friendly applications. The Group is expecting corporate customers in the copper-based PCB sector, which will hopefully be able to re-ignite the revenue growth for the PCB business.

The Group will continue to consolidate its business in LED by focusing on credit management and to optimize the trade receivable collection. The Group will focus its efforts in pursuing after street light projects in the PRC by partnering with contractors with extensive experience and capability to execute the projects, while taking a role to strengthen the relationships with the governments or agencies in the cities where the projects are located. Product wise, the Group plans to specialize in certain product range in order to tap the market trends in the future.

CHARGE OF ASSETS

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

	2016	2015
	HK$'000	*HK$'000*
Buildings	**129,778**	140,834
Plant and machinery	**–**	860
Pledged bank deposits	**79,051**	85,737
Prepaid lease payments	**18,843**	19,459
Bills receivable	**1,544**	–
	229,216	246,890

LITIGATIONS

(a) The Company was informed by its legal advisers that a writ of summons dated 10 May 2016 under Hong Kong High Court Action No. 1228/2016 (the "**Legal Action**") was filed by Mr. Li Jian Chao ("**Mr. Li**") seeking to claim from the Company an alleged outstanding special bonus payment in the amount of HK$1,640,000. Mr. Li was formerly the chief executive officer and executive director the Company before he resigned on 5 June 2015. On 12 July 2016, the Company filed a defence and counterclaim against Mr. Li (the "**Counterclaim**"), whereby the Company denied (inter alia) that Mr. Li is entitled to the alleged amount and counterclaimed from Mr. Li (inter alia) a total sum of HK$5,224,000 being wrongful receipts by Mr. Li based on certain invalid resolutions purportedly passed by the Board between 31 December 2014 and 4 June 2015, and/or damages for breach of fiduciary duties by Mr. Li when he was a director of the Company between 1 September 2014 and 5 June 2015. The Company will continue to uphold its rights in the Legal Action and the Counterclaim. In the meantime, the Board considers that the Legal Action and the Counterclaim are unlikely to result in any material adverse effect to the Company's operations or financial position. Further details relating to the Legal Action and Counterclaim are more particularly set out in the Company's announcements dated 13 May and 14 July 2016.

(b) In August 2016, Shenzhen Qianhai Dahuangyuan Finance Lease Company Limited (深圳市前海大荒緣融資租賃有限公司) applied to the China Guangzhou Arbitration Commission for an arbitration against TCO Jiangsu alleging that TCO Jiangsu owed the applicant joint and several liability in the payable in the amount of RMB4,200,000 owed by certain subsidiaries of the Group to the applicant. On 4 August 2016, a conciliation statement was issued by the China Guangzhou Arbitration Commission, vide Case No. (2016) Wei Zhong Zhong An Zhi Di 5476 ((2016) 穗仲中案字第5476號) (the "**Arbitration**"), in which TCO Jiangsu agreed to pay the alleged amount of RMB4,200,000. In September 2016, the applicant applied to Lianyungang Intermediate People's Court for an enforcement order in favour of the applicant to enforce against certain bank accounts of TCO Jiangsu for the amount of RMB4,464,854. Having regard to the Notice of Enforcement Conclusion issued by the Lianyungang Intermediate People's

Court, the court case No. (2016) Su 07 Zhi No. 332 ((2016) 蘇07執332號) had been enforced and concluded and accordingly, the PRC legal adviser of the Group, Beijing Yingke Law Firm Guangzhou Office, advised that there is no possibility that the Jiangsu Land will be seized under the Arbitration.

(c) On 9 December 2014, TC Orient (Jiangsu) Optoelectronic Company Limited (達進東方(江蘇)光電有限公司) ("**TCO Jiangsu**"), a subsidiary of the Company, received a writ issued by 連雲港市連溧椿基工程有限公司中雲分公司 (the "**Plaintiff**") against TCO Jiangsu and filed with Lianyungang City Lianyun District People's Court ("**Lianyungang Court**") together with the related court summons, whereby the Plaintiff alleged that TCO Jiangsu shall make a payment of RMB1,331,000 (approximately HK$1,662,000) to them in settlement of certain construction cost. In view of the possible cash outflow arising from such proceedings, the full amount of the claim was provided for and recognised as other gains and losses in the consolidated financial statements for the year ended 31 December 2014. In July 2015, Lianyungang Court made an order requiring TCO Jiangsu to make full payment under the claim. In April 2016, Lianyungang Court granted a seizure order (the "**Seizure Order**") over a piece of land ("**Jiangsu Land**") owned by TCO Jiangsu in favour of the Plaintiff, such that if TCO Jiangsu fails to settle the judgment debt then Lianyungang Court shall arrange for an auction or market disposal of the Jiangsu Land. In September and October 2016, other subsidiaries of the Group have fully settled the Plaintiff's judgment debt on TCO Jiangsu's behalf. In November 2016, upon TCO Jiangsu's application to Lianyungang Court, the Seizure Order over the Jiangsu Land was discharged.

OTHER INFORMATION

Dividends

The Board has resolved not to recommend the payment of a final dividend (31 December 2015: Nil).

Appointment of compliance officer and internal auditor

On 1 April 2016, the Company appointed:

(1) Ms. Ho Wing Yan as the Company's full-time compliance officer to take up the overall responsibilities and functions of the Group in relation to our financial reporting procedures, compliance, corporate governance, internal control system and directors' training; and

(2) Mr. Wong Wing Cheung as the Company's full-time internal auditor to monitor and ensure compliance of financial reporting and internal control procedures of the Group.

Share option scheme

Grantee	Date of grant	Exercise price per share before 25 July 2016 *HK$*	Outstanding at 1 January 2016 *'000*	Granted during the period *'000*	Reclassification *'000*	Exercised during the period *'000*	Lapsed/ Forfeited during the period *'000*	Exercise price per share since 25 July 2016 *HK$*	Outstanding on 25 July 2016 *'000*	Lapsed/ Forfeited since 25 July 2016 *'000*	Reclassification *'000*	Outstanding at the date of this report *'000*	Exercisable period
Directors:													
Zhu Jianqin	2 September 2011	2.11	2,300	–	–	–	–	1.747	2,778	–	(2,778)	–	*(Note 2)*
	22 October 2014	1.25	1,300	–	–	–	–	1.035	1,570	–	(1,570)	–	*(Note 3)*
Shi Qiu Yu	22 October 2014	1.25	4,423	–	–	–	–	1.035	5,342	(5,342)	–	–	*(Note 4)*
Chen Zheng Xue	22 October 2014	1.25	440	–	–	–	–	1.035	531	(531)	–	–	*(Note 4)*
Subtotal			8,463	–	–	–	–		10,221	(5,873)	(4,348)	–	
Consultant	29 November 2010	3.39	1,300	–	–	–	–	2.807	1,570	–		1,570	*(Note 1)*
	22 October 2014	1.25	10,841	–	–	–	–	1.035	13,093	–		13,093	*(Note 3)*
			12,141	–	–	–	–		14,663	–		14,663	
Employee	2 September 2011	2.11	2,000	–	–	–	–	1.747	2,415	–	2,778	5,193	*(Note 2)*
	22 October 2014	1.25	3,587	–	–	–	(108)	1.035	4,203	(60)	1,570	5,713	*(Note 3)*
			5,587	–	–	–	(108)		6,618	(60)	4,348	10,906	
Total			26,191	–	–	–	(108)		31,502	(5,933)	–	25,569	

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

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

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

Note 4: With the resignation of Ms. Shi Qiu Yu and Mr. Chen Zheng Xue with effect from 29 April 2016, these share options have lapsed pursuant to the terms of the Old Share Option Scheme before the end of year.

Purchase, sales or redemption of the Company's listed securities

During the year, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of its own listed securities.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company recognizes the importance of corporate governance practice of a listed company and is committed to adopting the standards of corporate governance. It is in the interest of the stakeholders and shareholders for a listed company to operate in a transparent manner with the adoptions of various self-regulatory policies, procedures and monitoring mechanisms with a clear definition of accountability of directors and management.

The Company and the Directors confirm, to the best of their knowledge, that the Company complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as stated in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the Year.

The Board and the compliance committee shall continue to monitor and review the Company's corporate governance practices to ensure compliance of the CG Code.

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

The Company also adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by the directors. Having made specific enquiry with the incumbent Directors, each of them confirmed that he/she has complied with the Model Code during the year.

AUDIT COMMITTEE

As at 31 December 2016, the Audit Committee of the Company ("**AC**") comprised of five independent non-executive Directors, namely, Mr. Anson Poon Wai Kong, Mr. Li Hongxiang, Mr. Wong Kwok On, Mr. Bonathan Wai Ka Cheung and Ms. Chen Lei. One out of five AC members, Mr. Anson Poon Wai Kong possesses recognized professional qualifications in accounting and has wide experience in audit and accounting. As at 31 December 2016 and as of the date of this announcement, Mr. Anson Poon Wai Kong was and is the chairman of AC.

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

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

The Group's audited financial statements for the year ended 31 December 2016 have been reviewed by the audit committee, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 28 March 2017

As at the date hereof, the executive Directors are Mr. Chen Yongsen (Chairman), Mr. Wang Shi Jin (Chief Executive Officer), Mr. Chen Hua, Mr. Wong Wing Choi and Mr. Xu Ming; and the independent non-executive Directors are Mr. Anson Poon Wai Kong, Mr. Li Hongxiang, Mr. Wong Kwok On, Mr. Bonathan Wai Ka Cheung and Ms. Chen Lei.