TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED
TCL 多 媒 體 科 技 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

Results for the year ended 31 December

	2015 *(HK$M)*	2014 *(HK$M)*	**Change**
Turnover	**34,017**	33,526	1.5%
Gross profit	**5,753**	5,503	4.5%
Operating profit	**285**	621	(54.2%)
Net profit after tax	**10**	246	(95.9%)
Profit attributable to owners of the parent	**26**	234	(89.0%)
Basic earnings per share *(HK cents)*	**1.94**	17.76	(89.1%)
Proposed final dividend per share *(HK cents)*	**–**	5.28	N/A

BUSINESS HIGHLIGHTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2015

- The Group sold 17.34 million sets of LCD TVs, an increase of 4.6% year-on-year. Sales volume of LCD TVs in the PRC Market increased by 2.4% year-on-year to 8.71 million sets, while sales volume of LCD TVs in the Overseas Markets increased by 7.0% year-on-year to 8.63 million sets.

- The Group achieved a turnover of HK$34.02 billion, up by 1.5% year-on-year. Gross profit increased by 4.5% year-on-year to HK$5.75 billion, gross profit margin increased from 16.4% of the same period of last year to 16.9%. Operating profit was HK$285 million, net profit after tax was HK$10.14 million. Profit attributable to owners of the parent amounted to HK$25.81 million. Basic earnings per share was HK1.94 cents.

- With continued product mix enhancements, the proportion of high-end products has been steadily increasing. Sales volume of smart TVs in the PRC Market increased by 33.9% year-on-year, which accounted for 53.7% of the Group's LCD TV sales volume in the PRC Market. Sales volume of 4K TVs in the PRC Market amounted to 1.73 million sets, which accounted for 19.9% of the Group's LCD TV sales volume in the PRC Market. Market share of curved TVs in the PRC Market was 17.5%, maintaining its No.1 position among the domestic brands in the market (Source: China Market Monitor Co., Ltd. ("CMM")).

- The accumulated number of TCL activated smart TV users of the Group totalled 11,924,856. The daily average number of active users in December 2015 was 4,800,723 (Source: Huan Technology Co., Ltd. ("Huan")).

- The Group ranked No.3 in the global LCD TV market with a market share of 5.56% in 2015 according to the latest IHS Technology figures and Company data, and ranked No.3 in the PRC LCD TV market with a market share of 14.04% according to CMM's report.

The board of directors (the "Board") of TCL Multimedia Technology Holdings Limited (the "Company") is pleased to announce the consolidated results and financial position of the Company and its subsidiaries (collectively, the "Group") for the year and three months ended 31 December 2015 with comparative figures for the previous periods as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Twelve months ended 31 December		Three months ended 31 December	
		2015	2014	**2015**	2014
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER	4	**34,016,833**	33,526,265	**9,572,776**	9,925,015
Cost of sales		**(28,263,811)**	(28,023,227)	**(7,549,360)**	(8,252,589)
Gross profit		**5,753,022**	5,503,038	**2,023,416**	1,672,426
Other revenue and gains		**545,845**	682,301	**273,913**	111,452
Selling and distribution expenses		**(4,032,140)**	(4,107,151)	**(1,298,350)**	(1,278,977)
Administrative expenses		**(1,360,303)**	(973,753)	**(371,686)**	(258,414)
Research and development costs		**(551,627)**	(423,087)	**(110,115)**	(110,178)
Other operating expenses		**(70,132)**	(59,992)	**(64,955)**	(9,038)
		284,665	621,356	**452,223**	127,271
Finance costs	5	**(185,692)**	(196,000)	**(75,233)**	(56,628)
Share of profits and losses of:					
Joint ventures		**(44,336)**	(22,977)	**(12,201)**	(11,978)
Associates		**(17,458)**	(8,920)	**(12,291)**	(8,469)
PROFIT BEFORE TAX	6	**37,179**	393,459	**352,498**	50,196
Income tax	7	**(27,039)**	(147,126)	**(23,308)**	(42,761)
PROFIT FOR THE YEAR/PERIOD		**10,140**	246,333	**329,190**	7,435

	Notes	Twelve months ended 31 December 2015 HK$'000	2014 HK$'000	Three months ended 31 December 2015 HK$'000	2014 HK$'000
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Cash flow hedge:					
Effective portion of changes in fair value of the hedging instruments arising during the year/period		**5,299**	(185)	**(13,296)**	(42,571)
Reclassification adjustments for losses included in the consolidated statement of profit or loss		**185**	21	**–**	–
		5,484	(164)	**(13,296)**	(42,571)
Exchange fluctuation reserve:					
Translation of foreign operations		**(294,622)**	(3,535)	**(112,225)**	23,786
Release upon disposal and liquidation of subsidiaries		**(2,376)**	(158,931)	**(1,354)**	–
Release upon derecognition and deemed partial disposal of associates		**3**	339	**–**	63
		(296,995)	(162,127)	**(113,579)**	23,849
OTHER COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		**(291,511)**	(162,291)	**(126,875)**	(18,722)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		**(281,371)**	84,042	**202,315**	(11,287)

	Notes	Twelve months ended 31 December **2015** **HK$'000**	2014 *HK$'000*	Three months ended 31 December **2015** **HK$'000**	2014 *HK$'000*
Profit/(loss) attributable to:					
Owners of the parent		**25,811**	234,499	**327,749**	6,941
Non-controlling interests		**(15,671)**	11,834	**1,441**	494
		10,140	246,333	**329,190**	7,435
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**(258,354)**	72,844	**203,378**	(12,261)
Non-controlling interests		**(23,017)**	11,198	**(1,063)**	974
		(281,371)	84,042	**202,315**	(11,287)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9				
Basic		**HK1.94 cents**	HK17.76 cents		
Diluted		**HK1.90 cents**	HK17.75 cents		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2015 HK$'000**	31 December 2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,062,753**	2,356,369
Prepaid land lease payments		**131,849**	153,930
Goodwill		**134,933**	134,933
Other intangible assets		**1,428**	1,947
Investments in joint ventures		**46,118**	55,600
Investments in associates		**470,696**	509,054
Available-for-sale investments		**106,891**	111,982
Deferred tax assets		**25,840**	38,090
Total non-current assets		**2,980,508**	3,361,905
CURRENT ASSETS			
Inventories		**3,282,921**	4,054,817
Trade receivables	10	**5,537,759**	4,318,138
Bills receivable		**2,721,173**	4,204,018
Other receivables		**1,351,429**	1,943,664
Tax recoverable		**8,593**	17,107
Pledged deposits		**80,881**	203,298
Cash and bank balances		**2,214,927**	3,379,369
Total current assets		**15,197,683**	18,120,411
CURRENT LIABILITIES			
Trade payables	11	**5,540,820**	4,920,901
Bills payable		**1,656,855**	3,543,573
Other payables and accruals		**3,503,917**	3,805,030
Interest-bearing bank and other borrowings	12	**1,460,437**	2,250,564
Due to T.C.L. Industries	13	**7,751**	853,336
Tax payable		**129,471**	180,491
Provisions		**305,381**	362,484
Total current liabilities		**12,604,632**	15,916,379
NET CURRENT ASSETS		**2,593,051**	2,204,032
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,573,559**	5,565,937

	Notes	**31 December 2015** **HK$'000**	31 December 2014 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,573,559**	5,565,937
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	12	**5,071**	925,033
Due to T.C.L. Industries	13	**1,131,617**	–
Deferred tax liabilities		**28,141**	34,726
Total non-current liabilities		**1,164,829**	959,759
Net assets		**4,408,730**	4,606,178
EQUITY			
Equity attributable to owners of the parent			
Issued capital	14	**1,386,361**	1,333,599
Reserves		**2,910,225**	3,135,530
		4,296,586	4,469,129
Non-controlling interests		**112,144**	137,049
Total equity		**4,408,730**	4,606,178

Notes:

1. BASIS OF PREPARATION

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 (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010 – 2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements to HKFRSs 2011 – 2013 Cycle	Amendments to a number of HKFRSs

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e. an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as there was no acquisition of investment properties during the year and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements to HKFRSs 2012 – 2014 Cycle	Amendments to a number of HKFRSs[1]

[1] Effective for annual periods beginning on or after 1 January 2016

[2] Effective for annual periods beginning on or after 1 January 2018

[3] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

[4] No mandatory effective date is determined but is available for early adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018 and is currently assessing the impact of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their geographical television segments and other product types and has two reportable operating segments as follows:

(a) Television segment – manufacture and sale of television sets in:

- the People's Republic of China ("PRC") market
- the overseas markets; and

(b) Others segment – comprises information technology, internet service and other businesses, including manufacture and sale of television related components, sale of white goods, mobile phones and air conditioners.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that finance costs, interest income, share of profits and losses of joint ventures and associates as well as head office and corporate income and expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Television – PRC market		Television – Overseas markets		Others		Total		Eliminations		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**20,958,210**	20,473,400	**12,896,138**	12,362,293	**162,485**	690,572	**34,016,833**	33,526,265	**–**	–	**34,016,833**	33,526,265
Intersegment sales	**2,204,380**	3,085,271	**1,172,086**	1,138,538	**31,825**	171,402	**3,408,291**	4,395,211	**(3,408,291)**	(4,395,211)	**–**	–
Total	**23,162,590**	23,558,671	**14,068,224**	13,500,831	**194,310**	861,974	**37,425,124**	37,921,476	**(3,408,291)**	(4,395,211)	**34,016,833**	33,526,265
Segment results	**757,157**	562,374	**61,716**	8,230	**(56,813)**	(28,395)	**762,060**	542,209	**–**	–	**762,060**	542,209
Corporate income/(expenses), net							**(526,419)**	12,786			**(526,419)**	12,786
Finance costs							**(185,692)**	(196,000)			**(185,692)**	(196,000)
Interest income							**49,024**	66,361			**49,024**	66,361
Share of profits and losses of:												
Joint ventures	**–**	–	**(1,869)**	(3,678)	**(42,467)**	(19,299)	**(44,336)**	(22,977)			**(44,336)**	(22,977)
Associates	**(38,549)**	(39,665)	**–**	–	**21,091**	30,745	**(17,458)**	(8,920)			**(17,458)**	(8,920)
Profit before tax							**37,179**	393,459			**37,179**	393,459
Income tax							**(27,039)**	(147,126)			**(27,039)**	(147,126)
Profit for the year							**10,140**	246,333			**10,140**	246,333

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on:		
Bank loans and overdrafts	**176,240**	188,443
Loans from TCL Corporation	**–**	701
Loans from T.C.L. Industries	**6,334**	6,239
Loans from an associate	**2,244**	617
A finance lease	**874**	–
Total finance costs for the year	**185,692**	196,000

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2015	2014
	HK$'000	*HK$'000*
Cost of inventories sold	**28,178,825**	27,930,195
Depreciation	**250,878**	289,019
Research and development costs	**588,574**	538,042
Less: Government grants released*	**(36,947)**	(114,955)
	551,627	423,087
Amortisation of other intangible assets	**373**	312
Amortisation of prepaid land lease payments	**4,168**	4,715
Minimum lease payments under operating leases in respect of land and buildings	**98,150**	110,088
Employee benefits expenses (including directors' remuneration):		
Wages and salaries	**2,141,264**	2,067,166
Equity-settled share option expense	**53,788**	301
Employee share-based compensation benefits under the Award Scheme	**42,480**	–
Defined contribution expense	**244,946**	238,419
	2,482,478	2,305,886
Foreign exchange differences, net	**280,237**	54,318
Impairment of items of property, plant and equipment**	**1**	63
Impairment of trade receivables, net**	**66,358**	23,962
Impairment of goodwill**	**–**	35,688
Write-down of inventories to net realisable value	**63,248**	82,383
Gain on bargain purchase	**–**	(1,319)
Fair value gain of an investment in an associate	**–**	(35,688)
Fair value losses/(gains) on derivative financial instruments, net – transactions not qualifying as hedges	**2,404**	(742)
Realised gain on settlement of derivative financial instruments	**(37,452)**	(58,260)
Rental income, net	**(15,555)**	(4,813)
Interest income	**(49,024)**	(66,361)
Other government grants***	**(52,929)**	(34,680)
Loss/(gain) on disposal of items of property, plant and equipment, net**	**2,336**	(9,168)
Gain on disposal of subsidiaries	**(123,159)**	–
Gain on liquidation of subsidiaries	**(1,140)**	(158,931)
Restructuring cost provision**	**1,437**	279
Product warranty provision, net	**113,358**	141,861

Notes:

* Certain government grants have been received for research activities in the PRC. The government grants released have been deducted from the research and development costs to which they are related. There are no unfulfilled conditions or contingencies relating to these grants.

** Impairment of items of property, plant and equipment, net impairment of trade receivables, impairment of goodwill, net loss on disposal of items of property, plant and equipment and restructuring cost provision are included in "Other operating expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

*** Other government grants have been received for the enhancement of technologies applied in certain of the Group's production lines in the PRC. There are no unfulfilled conditions or contingencies relating to these grants.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2015	2014
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**–**	14,157
Underprovision/(overprovision) in prior years	**24**	(10)
Current – Elsewhere		
Charge for the year	**63,425**	112,642
Underprovision/(overprovision) in prior years	**(40,592)**	35,671
Deferred	**4,182**	(15,334)
Total tax charge for the year	**27,039**	147,126

8. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year. For the year ended 31 December 2014, the final dividend proposed was HK5.28 cents per ordinary share and the total amounts proposed and paid are HK$70,414,000 and HK$70,108,000, respectively.

No interim dividend was declared in respect of the years ended 31 December 2014 and 2015.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted earnings per share are based on:

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**25,811**	234,499

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue less shares held for Award Scheme during the year used in the basic earnings per share calculation	**1,327,860,621**	1,320,550,174
Effect of dilution – weighted average number of ordinary shares:		
Share options	**10,830,592**	521,439
Awarded shares	**18,502,992**	–
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**1,357,194,205**	1,321,071,613

10. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Due from third parties	**3,950,768**	3,492,302
Provision for impairment	**(225,855)**	(201,015)
	3,724,913	3,291,287
Due from related parties:		
Companies controlled by TCL Corporation	**1,672,525**	945,923
Associates of TCL Corporation	**85,841**	5,646
A joint venture	**54,480**	75,094
Associates	**–**	188
	1,812,846	1,026,851
	5,537,759	4,318,138

The majority of the Group's sales in the PRC are conducted on a cash-on-delivery basis or on commercial bills guaranteed by banks within credit periods ranging from 30 to 90 days. For overseas sales, the Group usually requires settlement by letters of credit with tenures ranging from 90 to 180 days. Sales to certain long term strategic customers were made on the open-account basis with credit terms of no more than 180 days.

In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current to 90 days	**3,993,987**	3,754,547
91 to 180 days	**536,398**	239,498
181 to 365 days	**829,629**	297,349
Over 365 days	**177,745**	26,744
	5,537,759	4,318,138

The Group has entered into certain receivables purchase agreements with banks for the factoring of trade receivables with certain designated customers. At 31 December 2015, trade receivables factored to banks with an aggregate amount of HK$827,000 (2014: HK$39,443,000) were fully derecognised from the consolidated statement of financial position because, in the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership in respect of the relevant factored receivables to banks.

11. TRADE PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Due to third parties	**3,752,315**	3,223,490
Due to related parties:		
Companies controlled by TCL Corporation	**1,637,355**	1,687,095
Associates of TCL Corporation	**151,150**	9,892
Associates	**–**	424
	1,788,505	1,697,411
	5,540,820	4,920,901

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current to 90 days	**5,308,227**	4,691,774
91 to 180 days	**89,545**	40,097
181 to 365 days	**52,823**	70,016
Over 365 days	**90,225**	119,014
	5,540,820	4,920,901

The trade payables are non-interest-bearing and are normally settled within credit periods ranging from 30 to 120 days.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Current		
Bank loans – unsecured	**1,330,950**	1,736,730
Trust receipt loans – unsecured	**125,438**	298,172
Finance lease payable	**4,049**	–
Loans from an associate – unsecured	**–**	215,662
	1,460,437	2,250,564
Non-current		
Bank loans – unsecured	**–**	925,033
Finance lease payable	**5,071**	–
	5,071	925,033
	1,465,508	3,175,597
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**1,456,388**	2,034,902
In the second year	**–**	925,033
	1,456,388	2,959,935
Loans from an associate repayable:		
Within one year	**–**	215,662
Finance lease repayable:		
Within one year	**4,049**	–
In the second year	**3,502**	–
In the third year	**1,569**	–
	9,120	–
	1,465,508	3,175,597

Notes:

(a) As at 31 December 2015 and 2014, the carrying amounts of the Group's bank and other borrowings approximated to their fair values.

(b) TCL Corporation ("TCL Corporation", the ultimate holding company of the Company), has guaranteed certain of the Group's bank loans up to HK$720,850,000 (2014: HK$497,028,000) as at the end of the reporting period.

13. DUE TO T.C.L. INDUSTRIES

T.C.L. Industries Holdings (H.K.) Limited ("T.C.L. Industries") is the immediate holding company of the Company. The aggregate amounts due to T.C.L. Industries of HK$1,139,368,000 (2014: HK$853,336,000) are unsecured, bear interest at fixed rates of 0.8441% and 1.9564%, and LIBOR +1.8% (2014: fixed rates of 1.485% and 4.20%) per annum, and of which, an amount of HK$7,751,000 (2014: HK$853,336,000) is repayable within one year while the remaining amount of HK$1,131,617,000 (2014: Nil) is repayable in the second year.

14. SHARE CAPITAL

	2015	2014
	HK$'000	*HK$'000*
Authorised:		
2,200,000,000 shares of HK$1.00 each	**2,200,000**	2,200,000
Issued and fully paid:		
1,386,361,214 (2014: 1,333,598,514) shares of HK$1.00 each	**1,386,361**	1,333,599

During the year, the movements in the Company's issued share capital account were as follows:

(a) The subscription rights attaching to 2,010,800 and 7,078,466 share options were exercised at the subscription prices of HK$3.60 and HK$3.17 per share, respectively, resulting in the issue of an aggregate of 9,089,266 shares of HK$1.00 each for a total cash consideration of HK$29,678,000, before expenses.

(b) The Company conditionally granted 43,673,434 awarded shares to the relevant grantees on terms of the amended Award Scheme, resulting in the allotment and issue of 43,673,434 shares at par value to the trustee who would hold such new shares for the benefits of the relevant grantees and no new fund was raised.

(c) On 11 December 2015, the Company entered into a subscription agreement with an independent subscriber, pursuant to which the subscriber agreed to subscribe and the Company agreed to allot and issue 348,850,000 new shares at HK$6.50 per share for an aggregate subscription price of approximately HK$2,267,525,000 payable at completion of the subscription. The subscription is subject to the fulfillment of certain conditions precedent, including the necessary governmental and regulatory approvals. The subscription has not yet been completed as at the date of this announcement. The details of the subscription are set out in the Company's announcement dated 11 December 2015.

BUSINESS REVIEW FOR THE YEAR ENDED 31 DECEMBER 2015

2015 was a year full of challenges. Weakened recovery in the global economy and economic growth slowdown in the PRC led to overall decline in market demand. According to CMM's report, overall sales volume of TVs in the PRC market in 2015 fell by 10.4% year-on-year, while the competition in the industry intensified. In view of the tough market environment, the Group actively enhanced product mix and operational efficiency to achieve significantly better results and improved gross profit in the fourth quarter.

In 2015, the Group's turnover was HK$34.02 billion, up by 1.5% year-on-year. Gross profit increased by 4.5% year-on-year to HK$5.75 billion, gross profit margin increased from 16.4% of the same period of last year to 16.9%. Operating profit was HK$285 million, net profit after tax was HK$10.14 million. Profit attributable to owners of the parent amounted to HK$25.81 million. Basic earnings per share was HK1.94 cents.

For the fourth quarter, the Group achieved a turnover of HK$9.57 billion, representing a decrease of 3.5% year-on-year. Gross profit margin increased by 4.2 percentage points to 21.1% when compared with that in the same period of last year. Operating profit amounted to HK$452 million, net profit after tax was HK$329 million. Profit attributable to owners of the parent was HK$328 million. Basic earnings per share was HK24.62 cents.

There was rapid depreciation of RMB against US dollars in August, and the Group recorded a net loss on the overall foreign currency hedging instruments and exchange of HK$220 million in such RMB depreciation. The Group previously adopted low cost trade finance solution based in the US currency to solve short term funding gaps, with relatively large exposure to US dollars, the depreciation of RMB against US dollars resulted in exchange losses. Starting from September 2015, in order to avoid the risk of continuous fluctuations in RMB in the future, the Group has completely eliminated the exposure to foreign exchange risks generated by RMB against US dollars, with no significant exchange loss in the fourth quarter.

The Group ranked No.3 in the global LCD TV market with a market share of 5.56% in 2015 according to the latest IHS Technology figures and Company data, and ranked No.3 in the PRC LCD TV market with a market share of 14.04% according to CMM's report.

The Group announced the introduction of Leshi Zhixin Electronic Technology (Tianjin) Co., Ltd. (樂視致新電子科技(天津)有限公司) ("Leshi") as a strategic investor in December 2015. Leshi agreed to subscribe for 348,850,000 shares of the Company at HK$6.50 per share, representing approximately 20.1% of the total issued shares as enlarged by the allotment and issue of the subscription shares. Both parties will tap into the market of large screen internet users in the living room, jointly develop innovative products, high quality content and vertically integrated services to leverage their combined user base operation and establish mechanism for monetisation of user value in the future. Through this cooperation, it is expected to realise complementary advantages in user, industry and enterprise value which benefit both parties.

The Group's sales volume of TVs by regions and the number of TCL smart TV users during the year were as follows:

	2015 *('000 sets)*	2014 *('000 sets)*	**Change**
LCD TVs	**17,343**	16,574	4.6%
of which: LED backlight LCD TVs	**17,320**	16,517	4.9%
Smart TVs	**6,265**	3,755	66.8%
— PRC Market	**8,715**	8,509	2.4%
— Overseas Markets	**8,628**	8,065	7.0%
Total TV Sales Volume	**17,378**	16,739	3.8%

	Accumulated total as of 31 December 2015	**December 2015**	December 2014	**Change**	**2015**	2014	**Change**
Number of TCL activated smart TV users (1)	**11,924,856**	**483,653**	256,259	88.7%	**4,558,404**	2,474,271	84.2%
Daily average number of active users (2)	**N/A**	**4,800,723**	2,268,959	111.6%	**N/A**	N/A	N/A

Notes:

(1) Number of TCL activated smart TV users refers to the number of users who use the internet TV web service for more than once.

(2) Daily average number of active users refers to the number of unrepeated individual users who visit within 7 days.

The PRC Market

In 2015, the Group's LCD TV sales volume in the PRC Market increased by 2.4% year-on-year to 8.71 million sets, turnover grew by 2.4% year-on-year to HK$20.96 billion, gross profit margin was up from 20.6% of the same period of last year to 20.9%. Of which, in the fourth quarter, gross profit margin of LCD TVs increased substantially from 19.8% of the same period of last year to 24.6% due to enhancements in product mix and improved operational efficiency.

With continued product mix enhancements, the proportion of high-end products has been steadily increasing. Market response has been favourable since the launch of the flagship products H8800 series TVs and C1 series TVs.

- Smart TV sales volume increased by 33.9% year-on-year to 4.68 million sets, which accounted for 53.7% of the Group's LCD TV sales volume in the PRC Market. Of which, sales volume of TCL branded smart TVs accounted for 61.5% of the sales volume of TCL branded TVs.

- 4K TV sales volume was 1.73 million sets, which accounted for 19.9% of the Group's LCD TV sales volume in the PRC Market.

- Market share of curved TVs was 17.5%, maintaining its No.1 position among domestic brands in the PRC market (Source: CMM).

- Proportion of sales volume of products with screen size of 55 inches or above increased from 9.2% of the LCD TV sales volume in the PRC Market in 2014 to 16.6% in 2015.

According to CMM's report, TCL's brand price index increased from 80 in December 2014 to 91 in December 2015 and ranked No.3.

The Group continued to strengthen the transformation of distribution channels to promote the development in integration of online and offline channels. Proportion of sales volume from electronic business channels increased from 7.8% in 2014 to 16.1% in 2015.

Overseas Markets

In 2015, the Group's sales volume of LCD TVs increased by 7.0% year-on-year to 8.63 million sets in the Overseas Markets, turnover was up by 5.0% year-on-year to HK$12.87 billion, gross profit margin was down from 10.6% of the same period of last year to 10.3%.

In the fourth quarter, LCD TV sales volume in the Overseas Markets increased by 12.8% year-on-year to 2.19 million sets, turnover increased by 8.6% year-on-year to HK$3.31 billion, gross profit margin grew from 10.5% of the same period of last year to 13.7%. Of which, product mix in the Emerging Markets was significantly enhanced with LCD TV sales volume increased by 16.4% year-on-year.

Performance in the Overseas Markets for the year:

- LCD TV sales volume in the Emerging Markets rose by 8.1% when compared with that in the same period of last year to 1.71 million sets.

- In the North American Market, benefitting from the further expansion of national mainstream sales channels, LCD TV sales volume surged by 180.2% year-on-year.

- LCD TV sales volume in the European Market decreased by 7.1% when compared with that in the same period of last year to 850,000 sets.

- LCD TV sales volume of the Strategic ODM business was down by 2.9% when compared with that in the same period of last year to 5.06 million sets.

The Group continued to optimise product mix and actively promote TV+ strategy overseas, to gradually expand the proportion of paid content users. At the same time, the Group jointly develops smart products with market competiveness with the world's famous internet service providers, including launching Zing TV in the Emerging Markets which received positive response.

Internet Business

Adhering to the promotion of "double +" strategic transformation, the Group actively built TCL TV+ service ecosystem, and established strengthened cooperation with internet service providers in 2015.

As of December 2015, the accumulated number of TCL activated smart TV users totalled 11,924,856 and the daily average number of active users in December 2015 was 4,800,723 (Source: Huan).

- Video-on-demand business totalled 7.66 million users; average daily video-on-demand frequency increased from 11 times in 2014 to 20.2 times in 2015; average daily viewing time increased from 3.2 hours to 4.4 hours.

- Gaming business totalled 4.38 million users; average daily usage time increased from 43 minutes in 2014 to 70 minutes in 2015.

- Education business totalled 1.52 million users; average daily viewing time increased from 13.6 minutes in 2014 to 50 minutes in 2015.

- Lifestyle business went online at the end of July 2015; accumulated users reached 1.10 million.

In 2015, the Group's revenue from internet business was approximately RMB43.00 million, mostly generated from video-on-demand business. In 2016, the Group's total service revenue from internet business is targeted at approximately RMB100.00 million.

R&D

For the eighth consecutive year, TCL was honoured with "Top 50 Global Consumer Electronics Brands", "Top 10 Chinese Consumer Electronics Brands" and "Top 20 Global TV" organised by the US International Data Group ("IDG"). Meanwhile, at the 48th Consumer Electronics Show ("CES"), the Group launched globally high-end flagship new product QUHD X1 series TV, which was rewarded "2016 Innovation Awards Honoree", demonstrating to global consumers the innovative technological strengths of Chinese consumer electronics brands.

In 2015, the Group launched various of industry leading products, including the H8800 series TV combining current TV industry's top two core technologies of quantum dot and curved screen. It was also the first in the industry to release the C1 series TV. The thickness of C1 series is only 5.9 mm, breaking a new record in curved ultra-thin LED TVs. With such advanced technologies and applications as 4000R golden curvature, curved screen with high colour domain technology and high dynamic range imaging, 64-bit high speed chips, and "C movement", etc., they truly bring five unique experiences that are thin, curved, true, fast, and stylish.

During the year, the Group submitted a total of 495 applications for patent rights, of which 72 invention applications, 147 new model applications and 79 design applications were granted.

Outlook

Affected by sluggish market demand, overall shipment volume in the global TV market declined by 3.7% in 2015 (Source: IHS Technology), while shipment volume in the PRC market grew by 6.3% year-on-year, but it was 1.2% lower when compared to 2013 (Source: CMM). Looking ahead to 2016, the PRC and the global economy are expected to face numerous challenges, with intensifying market competition.

The Group will continue to strengthen enterprise core competencies, promote core strategic transformations of "double +" and internationalisation. Moreover, by taking such measures as enhancing operational efficiency, optimising product mix, reducing system costs, etc., the Group will improve profitability to achieve sustainable growth.

1. The Group will enhance four core competitiveness, improve operational efficiency, in order to further consolidate and increase TV market shares.

    - Product technology capabilities: continue to increase investments in R&D to develop more new products with superior technological innovations, performance and design, while maintaining leading advantages in efficiency, speed and cost to establish a comprehensive product line from high-end to mid-to-low end to meet the needs of different markets and customers;

- Industry capabilities: strengthen industrial capacity, including construction of smart factory, industrial technology standards and system management capabilities, etc, to enhance the competitive advantage of internet application services;

- Brand and globalisation capabilities: greatly increase the influence of TCL brand, further consolidate market leading position in the PRC Market, while gradually improve market influence in key countries and regions in the Overseas Markets. At the same time, form business collaborations with TCL Communication Technology Holdings Limited's mobile business, to jointly establish a unified brand image, and increase the global sales volume of TCL branded products; and

- Internet application service capabilities: integrate smart and internet applications technology into products, increase product value and user service revenue through providing complementing internet applications and services, and consolidate various vertical applications through an integrated platform to create greater value for users.

2. The Group will continue to implement the "double +" strategic transformation, establish TV+ smart platform around the TV+ living room economic ecology and competitive O2O business model, to further promote the integration of online and offline operations and strengthen user management capability. Through strategic cooperation with Leshi, the Group will achieve new business opportunities and value through the cross-border integration of manufacturing, information technology, internet, content and applications.

3. The Group will continue to pursue internationalisation, and actively implement the TV+ strategy in the Overseas Markets to expand the proportion of paid content users. At the same time, it will consolidate marketing and industrial capacities in the key markets and optimise supply chain management, aiming to improve overall competitiveness and market position.

The Group has set its LCD TV sales volume target at 20.00 million sets for the year 2016. The Group will continue to take full advantage of the resources and market position of TCL Corporation to enhance corporate competitiveness and establish the Group as a "global entertainment technology enterprise", to deliver long-term value and returns to reward shareholders.

FINANCIAL REVIEW

Significant Investments, Acquisitions and Disposals

The Group has the following significant disposal during the year.

On 14 December 2015, the Company disposed of its 100% equity interest in Charter Joy Investments Limited ("Charter Joy", a wholly-owned subsidiary of the Company) together with the related shareholders' loan of approximately HK$194,712,000 to Active Industries International Limited, an associate of T.C.L. Industries, for a consideration of approximately RMB163,129,000 (equivalent to approximately HK$194,712,000). Charter Joy is an investment holding company and its subsidiary, Chengdu Legao Shidai Industries Co., Ltd, held land use right and certain buildings in Chengdu. The disposal was completed on 14 December 2015. The Group recognised a gain of approximately HK$123,159,000 in the profit or loss for the year ended 31 December 2015.

Liquidity and Financial Resources

The Group's principal financial instruments comprise bank loans, factorings, cash and short-term deposits. The main objective for the use of these financial instruments is to maintain a continuity of funding and flexibility at the lowest cost possible.

The cash and bank balance of the Group as at 31 December 2015 amounted to approximately HK$2,214,927,000, of which 0.7% was maintained in Hong Kong dollars, 45.1% in US dollars, 48.8% in Renminbi, 1.1% in Euros and 4.3% in other currencies for the overseas operation.

There was no material change in the available credit facilities when compared with those for the year ended 31 December 2014. The net carrying amounts of the Group's fixed assets held under a finance lease included in the total amounts of furniture, fixtures and equipment and motor vehicles as at 31 December 2015 amounted to approximately HK$5,057,000 (2014:Nil) and approximately HK$3,053,000 (2014: Nil), respectively.

As at 31 December 2015, the Group's gearing ratio was 7.2% which was calculated based on the Group's net borrowing of approximately HK$309,068,000 (calculated as total interest-bearing borrowings less pledged deposits and cash and bank balances) and the equity attributable to owners of the parent of approximately HK$4,296,586,000. The maturity profile of the borrowings ranged from one to three years.

Pledge of Assets

As at 31 December 2015, pledged deposits of the Group amounting to approximately HK$80,881,000 (2014: HK$203,298,000) were pledged for certain bills payable amounting to approximately HK$75,986,000 (2014: HK$200,846,000).

Capital Commitments and Contingent Liabilities

At the end of the reporting period, the Group had the following capital commitments:

	2015	2014
	HK$'000	*HK$'000*
Contracted, but not provided for	**20,858**	61,429
Authorised, but not contracted for	**285,522**	305,633
	306,380	367,062

As at 31 December 2015, the Group did not have any material contingent liability not provided for in the consolidated financial statements.

Pending Litigation

The Group was not involved in any material litigation as at 31 December 2015.

Foreign Exchange Exposure

Due to its international presence and operation, the Group is facing foreign exchange exposure including transaction exposure and translation exposure.

It is the Group's policy to centralise foreign currency management to monitor its total foreign currency exposure, to net off affiliate positions and to consolidate hedging transactions with banks. The Group emphasises on the importance of trading, investing and borrowing in functional currency to achieve natural hedging. In addition, in line with the aim of prudent financial management, the Group does not engage in any high risk derivative trading or leveraged foreign exchange contracts.

Employee and Remuneration Policy

As at 31 December 2015, the Group had a total of 24,800 dynamic and talented employees. They were all dedicated to advancing the quality and reliability of our operations. Remuneration policy was reviewed regularly, making reference to current legislation, market condition and both the performance of individual and the Group. In order to align the interests of staff with those of shareholders, share options were granted to relevant grantees including employees under the Company's share option schemes. Options for subscribing a total of 175,897,961 shares remained outstanding at the end of the reporting period.

A restricted share award scheme (the "Award Scheme") was also adopted by the Company on 6 February 2008 and was amended on 11 August 2015. Pursuant to which existing shares would be purchased from the market or new shares would be subscribed for by a designated trustee out of cash contributed by the Company, and would be held on trust for the relevant grantees until such shares are vested with the relevant grantees in accordance with the provisions of the Award Scheme.

PURCHASES, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of shares for the year ended 31 December 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on 18 May 2016, Wednesday, for the purposes of determining the entitlements of the shareholders of the Company to attend and vote at the annual general meeting ("AGM"). No transfer of the shares may be registered on that day. In order to qualify to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 17 May 2016, Tuesday.

AGM

The AGM of the Company will be held on 18 May 2016, Wednesday. The notice of AGM will be published on the websites of the Company and the Hong Kong Stock Exchange and despatched to the shareholders of the Company in due course.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information which would reasonably indicate that the Company had not, throughout the year ended 31 December 2015, complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules on the Hong Kong Stock Exchange, except for the deviation from the Code Provisions A.6.7, D.1.4 and F.1.1. The reason for the deviation from the Code Provision F.1.1 remains the same as that stated in the Company's 2014 annual report.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

Due to other pre-arranged business commitments which must be attended:

(a) Mr. Albert Thomas DA ROSA, Junior, Mr. HUANG Xubin and Mr. SHI Wanwen, being non-executive directors of the Company, and Dr. TSENG Shieng-chang Carter, being an independent non-executive director of the Company, were not present at the AGM of the Company held on 28 April 2015;

(b) Mr. Albert Thomas DA ROSA, Junior and Mr. HUANG Xubin, being non-executive directors of the Company, and Mr. TANG Guliang and Dr. TSENG Shieng-chang Carter, being independent non-executive directors of the Company, were not present at the extraordinary general meeting ("EGM") of the Company held on 11 August 2015; and

(c) Mr. HUANG Xubin, being a non-executive director of the Company, and Mr. TANG Guliang, Mr. Robert Maarten WESTERHOF and Dr. TSENG Shieng-chang Carter, being independent non-executive directors of the Company, were not present at the EGM of the Company held on 25 September 2015.

However, (a) Mr. TANG Guliang, Mr. Robert Maarten WESTERHOF and Ms. WU Shihong, all of them being independent non-executive directors of the Company, were present at the aforesaid AGM held on 28 April 2015; (b) Mr. Robert Maarten WESTERHOF and Ms. WU Shihong, both being independent non-executive directors of the Company, were present at the EGM held on 11 August 2015; and (c) Mr. Albert Thomas DA ROSA, Junior, being a non-executive director of the Company and Professor SO Wai Man Raymond, being an independent non-executive director of the Company, were present at the EGM held on 25 September 2015 to ensure an effective communication with the shareholders thereat.

Under Code Provision D.1.4, all directors should clearly understand delegation arrangements in place, and the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.

The Company has no formal letters of appointment for its directors (except for Mr. YAN Xiaolin who was appointed as a non-executive director of the Company on 24 April 2013, Ms. XU Fang who was appointed as an executive director of the Company on 21 May 2015 and Professor SO Wai Man Raymond who was appointed as an independent non-executive director of the Company on 12 August 2015) as most of them have been serving as directors for a considerable period of time, a clear understanding of the terms and conditions of their appointment already exists between the Company and the directors, and so there is no written record of the same. In any event, all directors, including those without a letter of appointment and those appointed for a specific term, shall be subject to retirement by rotation in the manner prescribed under the articles of association of the Company, and on re-election of the retiring directors, shareholders are given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant directors.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2015, including the accounting principles adopted by the Group, with the Company's management. The Audit Committee comprises four members including Professor SO Wai Man Raymond (Chairman), Dr. TSENG Shieng-chang Carter and Professor WANG Yijiang, all being independent non-executive directors of the Company, and Mr. HUANG Xubin, a non-executive director of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a model code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the required standard as set out in the "Model Code for Securities Transactions by directors of Listed Issuers" (the "Model Code"). Specific enquiries have been made with all directors who have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the year.

On behalf of the Board
LI Dongsheng
Chairman

Hong Kong, 23 March 2016

As at the date of this announcement, the Board comprises LI Dongsheng, BO Lianming, YAN Xiaolin and XU Fang as executive directors, Albert Thomas DA ROSA, Junior and HUANG Xubin as non-executive directors and Robert Maarten WESTERHOF, TSENG Shieng-chang Carter, SO Wai Man Raymond and WANG Yijiang as independent non-executive directors.