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 NINE MONTHS ENDED 30 SEPTEMBER 2013

FINANCIAL HIGHLIGHTS
Unaudited results for the nine months ended 30 September

	2013 *(HK$M)*	2012 *(HK$M)* *(Restated)*	**Change**
Turnover	**27,888**	24,605	+13.3%
Gross profit	**4,100**	4,287	(4.4%)
Operating profit	**220**	830	(73.5%)
Net profit after tax			
– for the period	**133**	645	(79.4%)
– from continuing operations	**45**	559	(91.9%)
Profit attributable to owners of the parent			
– for the period	**112**	637	(82.4%)
– from continuing operations	**40**	551	(92.7%)
Basic earnings per share *(HK cents)*			
– for the period	**8.39**	48.85	(82.8%)
– from continuing operations	**3.04**	42.25	(92.8%)

HIGHLIGHTS

- For the nine months ended 30 September 2013, the Group recorded a turnover of approximately HK$27,888 million, up by 13.3% year-on-year. Gross profit amounted to approximately HK$4,100 million, down by 4.4% year-on-year. Operating profit was approximately HK$220 million, down by 73.5% year-on-year. Net profit after tax from continuing operations was approximately HK$45 million, down by 91.9% year-on-year, net profit margin was 0.2%. If a one-off gain ("One-off Gain") of approximately HK$144 million arising from acquisition of the entire equity interest in TCL Optoelectronics Technology (Huizhou) Co., Ltd. and its 60% equity interest in Huizhou TCL Coretronic Co., Ltd. in the same period of last year was excluded, operating profit and net profit after tax from continuing operations would have declined by 67.9% and 89.2% year-on-year, respectively. Profit attributable to owners of the parent from continuing operations was approximately HK$40 million, representing a decrease of 92.7% year-on-year, it would have decreased by 90.2% year-on-year if the One-off Gain for the same period of last year was excluded.

- The overall sales volume of LCD TVs reached 12.52 million sets, representing an increase of 15.4% year-on-year. The sales volume of LCD TVs in the PRC Market rose by 17.6% year-on-year; while the sales volume of LCD TVs in the Overseas Markets rose by 12.7% year-on-year, of which, sales volume of LCD TVs in the Emerging Markets recorded a year-on-year increase of 11.0%. The proportion of sales volume from high-end products continued to grow. Sales volume of smart TVs in September 2013 accounted for 29.8% of the LCD TV sales volume in the PRC Market.

- According to the latest DisplaySearch report, the Group ranked No.3 in the global LCD TV market in the first half of 2013 with a market share of 6.7%. Meanwhile, the Group has maintained its No.1 position in the PRC LCD TV market with a market share of 18.2%.

The Board of Directors (the "Board") of TCL Multimedia Technology Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results and financial position of the Company and its subsidiaries (collectively, the "Group") for the nine months ended 30 September 2013 with comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Nine months ended 30 September 2013 (unaudited) HK$'000	Nine months ended 30 September 2012 (unaudited) HK$'000 (Restated)	Three months ended 30 September 2013 (unaudited) HK$'000	Three months ended 30 September 2012 (unaudited) HK$'000 (Restated)
CONTINUING OPERATIONS					
TURNOVER	3	**27,887,674**	24,604,595	**9,810,379**	9,841,731
Cost of sales		**(23,787,689)**	(20,317,861)	**(8,550,720)**	(8,167,575)
Gross profit		**4,099,985**	4,286,734	**1,259,659**	1,674,156
Other revenue and gains		**450,278**	385,400	**169,751**	63,090
Selling and distribution expenses		**(3,252,580)**	(2,956,544)	**(1,131,260)**	(1,209,192)
Administrative expenses		**(758,787)**	(668,100)	**(248,568)**	(235,652)
Research and development costs		**(294,344)**	(191,432)	**(140,028)**	(76,828)
Other operating expenses		**(24,557)**	(26,190)	**(20,940)**	(12,366)
		219,995	829,868	**(111,386)**	203,208
Finance costs		**(116,119)**	(208,100)	**(46,541)**	(38,050)
Share of profits and losses of:					
A joint venture		**(1,502)**	1,022	**(104)**	968
Associates		**11,520**	(23,658)	**184**	7,274
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**113,894**	599,132	**(157,847)**	173,400
Income tax expense	4	**(69,236)**	(40,377)	**7,869**	(6,886)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**44,658**	558,755	**(149,978)**	166,514
DISCONTINUED OPERATION					
Profit for the period from a discontinued operation	5	**88,722**	86,004	**12,273**	37,649
PROFIT/(LOSS) FOR THE PERIOD		**133,380**	644,759	**(137,705)**	204,163
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Cash flow hedge:					
Effective portion of change in fair value of the hedging instruments arising during the period		**(18,253)**	–	**(18,347)**	–
Exchange fluctuation reserve:					
Translation of foreign operations		**106,055**	(39,069)	**21,265**	(21,058)
Release upon liquidation of a subsidiary		**–**	44	**–**	44
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**87,802**	(39,025)	**2,918**	(21,014)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**221,182**	605,734	**(134,787)**	183,149

	Notes	Nine months ended 30 September 2013 (unaudited) HK$'000	2012 (unaudited) HK$'000 (Restated)	Three months ended 30 September 2013 (unaudited) HK$'000	2012 (unaudited) HK$'000 (Restated)
Profit/(loss) attributable to:					
Owners of the parent		**111,529**	636,785	**(142,067)**	201,957
Non-controlling interests		**21,851**	7,974	**4,362**	2,206
		133,380	644,759	**(137,705)**	204,163
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**194,472**	598,870	**(139,827)**	181,357
Non-controlling interests		**26,710**	6,864	**5,040**	1,792
		221,182	605,734	**(134,787)**	183,149
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7				
Basic					
– For profit for the period		**HK8.39 cents**	HK48.85 cents		
– For profit from continuing operations		**HK3.04 cents**	HK42.25 cents		
Diluted					
– For profit for the period		**HK8.29 cents**	HK48.51 cents		
– For profit from continuing operations		**HK3.00 cents**	HK41.95 cents		

Details of the dividends are disclosed in note 6.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2013 (unaudited)** *HK$'000*	31 December 2012 (audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,361,956**	2,484,028
Prepaid land lease payments		**155,570**	146,266
Goodwill		**119,638**	119,638
Other intangible assets		**315**	419
Investment in a joint venture		**9,462**	11,574
Investments in associates		**376,337**	158,921
Available-for-sale investments		**6,677**	6,677
Deferred tax assets		**41,395**	150,707
Total non-current assets		**3,071,350**	3,078,230
CURRENT ASSETS			
Inventories		**5,882,054**	6,731,951
Trade receivables		**4,010,935**	4,338,139
Bills receivable		**4,257,291**	7,087,252
Other receivables		**3,155,825**	2,502,247
Tax recoverable		**44,853**	24,363
Pledged deposits		**–**	826,220
Cash and bank balances		**3,925,205**	3,431,337
		21,276,163	24,941,509
Non-current assets classified as held for sale	8	**59,807**	–
Total current assets		**21,335,970**	24,941,509
CURRENT LIABILITIES			
Trade payables		**5,766,556**	9,263,133
Bills payable		**6,658,311**	5,176,951
Other payables and accruals		**4,058,291**	4,974,350
Interest-bearing bank and other borrowings	9	**1,460,650**	2,607,644
Due to T.C.L. Industries	10	**387,715**	–
Tax payable		**105,847**	213,276
Provisions		**203,603**	345,020
Total current liabilities		**18,640,973**	22,580,374
NET CURRENT ASSETS		**2,694,997**	2,361,135
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,766,347**	5,439,365

	Notes	**30 September 2013 (unaudited)** *HK$'000*	31 December 2012 (audited) *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,766,347**	5,439,365
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	9	**1,129,195**	402,346
Deferred tax liabilities		**31,638**	38,873
Pensions and other post-employment benefits		**6,303**	6,301
Total non-current liabilities		**1,167,136**	447,520
Net assets		**4,599,211**	4,991,845
EQUITY			
Equity attributable to owners of the parent			
Issued capital	11	**1,333,599**	1,321,003
Reserves		**3,130,096**	3,444,244
		4,463,695	4,765,247
Non-controlling interests		**135,516**	226,598
Total equity		**4,599,211**	4,991,845

Notes:

1. BASIS OF PREPARATION

The accounting policies and the basis of preparation adopted in the preparation of these condensed consolidated financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include 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 disclosures requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

These condensed consolidated financial statements have been prepared under historical cost convention, except for the derivative financial instruments, which have been measured at fair value. Non-current assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These condensed consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's condensed consolidated financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *– Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC) – Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below, the adoption of these new and revised HKFRSs has had no significant financial effect on these condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral arrangements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The amendment does not result in additional disclosures to the Group.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 *Consolidated and Separate Financial Statements* and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. HKFRS 10 does not have any impact on the currently held investments of the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e. joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*. It also introduces a number of new disclosure requirements for these entities.

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The amendments do not have any impact on the reported results or financial position of the Group.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The amendment does not have any impact on the reported results or financial position of the Group.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The amendment does not have any impact on the reported results or financial position of the Group.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosure of defined benefit plans. The amendment does not have any impact on the reported results or financial position of the Group.

The *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have a significant financial impact on the Group. Those amendments that have a significant impact on the Group's policies are as follows:

(a) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassification, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distribution to equity holders.

3. 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 three reportable operating segments as follows:

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

- the People's Republic of China ("PRC") market
- the Overseas markets

(b) AV segment – manufacture and sale of audio-visual ("AV") products; and

(c) Others segment – comprises information technology and other businesses, including 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 interest income, finance costs, share of profits and losses of a joint venture and associates as well as head office and corporate income and expenses are excluded from such measurement.

Information regarding these reportable segments, together with their related comparative information, is presented below.

	Nine months ended 30 September											
	Continuing operations								**Discontinued operation**			
	Television – PRC market		**Television – Overseas markets**		**Others**		**Total continuing operations**		**AV**		**Consolidated**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		*(Restated)*		*(Restated)*		*(Restated)*		*(Restated)*		*(Restated)*
Sales to external customers	**18,352,079**	15,242,138	**8,645,064**	8,657,453	**890,531**	705,004	**27,887,674**	24,604,595	**2,220,838**	2,707,681	**30,108,512**	27,312,276
Segment results	**397,045**	613,073	**(129,220)**	151,611	**(47,974)**	15,693	**219,851**	780,377	**91,798**	87,763	**311,649**	868,140
Corporate expenses, net							**(33,113)**	(6,284)	**–**	–	**(33,113)**	(6,284)
Finance costs							**(116,119)**	(208,100)	**(6,707)**	(3,517)	**(122,826)**	(211,617)
Interest income							**33,257**	55,775	**20,507**	18,539	**53,764**	74,314
Share of profits and losses of:												
A joint venture	**–**	–	**(1,502)**	1,022	**–**	–	**(1,502)**	1,022	**–**	–	**(1,502)**	1,022
Associates	**2,000**	(35,007)	**–**	–	**9,520**	11,349	**11,520**	(23,658)	**66**	(83)	**11,586**	(23,741)
Profit before tax							**113,894**	599,132	**105,664**	102,702	**219,558**	701,834
Income tax expense							**(69,236)**	(40,377)	**(16,942)**	(16,698)	**(86,178)**	(57,075)
Profit for the period							**44,658**	558,755	**88,722**	86,004	**133,380**	644,759

4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (30 September 2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Nine months ended 30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
		(Restated)
Current – Hong Kong	**3,284**	11,149
Current – Elsewhere	**31,066**	33,719
Deferred	**34,886**	(4,491)
Total tax charge for the period from continuing operations	**69,236**	40,377

5. DISCONTINUED OPERATION

On 15 August 2013, the Group completed the spin-off of its ODM business in relation to AV products through separate listing of its wholly-owned subsidiary, Tonly Electronics Holdings Limited ("Tonly Holdings") and its subsidiaries (collectively, "Tonly Group") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), details of which are set out in the listing document of Tonly Holdings dated 17 July 2013. Upon the spin-off of the Tonly Group, the Company's entire interest in Tonly Holdings was distributed as special interim dividend to the Company's qualifying shareholders and Tonly Holdings ceased to be a subsidiary of the Company thereafter.

The results of Tonly Group for the period up to the completion date of spin-off which have been included in the condensed consolidated statement of comprehensive income as discontinued operation are presented below:

	Nine months ended 30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Turnover	**2,220,838**	2,707,681
Cost of sales	**(1,942,223)**	(2,412,226)
Gross profit	**278,615**	295,455
Other revenue and gains	**126,125**	93,216
Selling and distribution expenses	**(81,525)**	(95,342)
Administrative expenses	**(100,418)**	(75,747)
Research and development costs	**(109,975)**	(111,261)
Other operating expenses	**(517)**	(19)
	112,305	106,302
Finance costs	**(6,707)**	(3,517)
Share of profit and loss of an associate	**66**	(83)
Profit before tax from the discontinued operation	**105,664**	102,702
Income tax expense	**(16,942)**	(16,698)
Profit for the period from the discontinued operation	**88,722**	86,004
Profit attributable to:		
Owners of the parent	**71,140**	86,004
Non-controlling interests	**17,582**	–
	88,722	86,004

	Nine months ended 30 September	
	2013	2012
	(unaudited)	(unaudited)
Earnings per share from the discontinued operation:		
Basic	**HK5.35 cents**	HK6.60 cents
Diluted	**HK5.29 cents**	HK6.56 cents

The calculations of basic and diluted earnings per share from Tonly Group are based on:

	Nine months ended 30 September	
	2013	2012
	(unaudited)	(unaudited)
Profit attributable to ordinary equity holders of the parent from the discontinued operation	**HK$71,140,000**	HK$86,004,000
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation *(note 7)*	**1,328,868,255**	1,303,538,917
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation *(note 7)*	**1,344,829,300**	1,312,802,305

6. DIVIDENDS

On 15 July 2013, the Board declared a special interim dividend of HK28.99 cents per share, which was satisfied by way of a distribution in specie of the entire interest in the issued share capital of Tonly Holdings to qualifying shareholders of the Company (the "Distribution"). Under the Distribution, each qualifying shareholder of the Company was entitled to one share of Tonly Holdings for every whole multiple of ten shares of the Company held.

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2013 (30 September 2012: Nil).

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

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

	Nine months ended 30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation		
From continuing operations	**40,389**	550,781
From a discontinued operation	**71,140**	86,004
	111,529	636,785

	Number of shares Nine months ended 30 September **2013** **(unaudited)**	 2012 (unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in basic earnings per share calculation	**1,328,868,255**	1,303,538,917
Effect of dilution – weighted average number of ordinary shares:		
Assumed issue at no consideration on deemed exercise of all share options outstanding during the period	**15,961,045**	9,263,388
Weighted average number of ordinary shares in issue during the period used in diluted earnings per share calculation	**1,344,829,300**	1,312,802,305

8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 11 September 2013, Inner Mongolia TCL King Electrical Appliance Company Limited ("Inner Mongolia TCL King"), a wholly owned subsidiary of the Company, entered into a tripartite agreement (the "Tripartite Agreement") with Hohhot Land Purchase and Reserve Auction Centre ("Hohhot Auction Centre") and Management Committee of Wishful Zone of Hohhot Economic and Technological Development Zone ("Management Committee of Wishful Zone of Hohhot"), pursuant to which Inner Mongolia TCL King agreed to sell and Hohhot Auction Centre agreed to acquire all land use rights held by Inner Mongolia TCL King in respect of two pieces of adjacent land located at East of East Second Ring Road, South of Xin Hua Street, Wishful Development Zone, Hohhot (the "Land") and all the buildings erected on the Land (the "Buildings") at a total consideration of RMB235,923,436 (equivalent to approximately HK$296,509,000). In addition, Inner Mongolia TCL King will be entitled to a compensation and reward for its relocation from the Land in a sum of RMB61,244,000 (equivalent to approximately HK$76,971,000) and will also be entitled to the refund of value-added tax, income tax and entrance deposit previously paid by Inner Mongolia TCL King to Management Committee of Wishful Zone of Hohhot in a sum of RMB9,730,000 (equivalent to approximately HK$12,229,000). The refund will be paid by Management Committee of Wishful Zone of Hohhot.

As at 30 September 2013, the Land and Buildings were classified as non-current assets held for sale and included as current assets in the condensed consolidated statement of financial position, as the completion of the Tripartite Agreement was still subjected to certain conditions as at the end of the reporting period.

9. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 September 2013 (unaudited) *HK$'000*	31 December 2012 (audited) *HK$'000*
Current		
Bank loans – secured	**–**	106,198
Bank loans – unsecured	**1,240,068**	2,156,914
Trust receipt loans – unsecured	**175,582**	97,892
Loan from an associate – secured	**–**	246,640
Loan from an associate – unsecured	**45,000**	–
	1,460,650	2,607,644
Non-current		
Bank loans – unsecured	**1,129,195**	402,346
	2,589,845	3,009,990
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**1,415,650**	2,361,004
In the second year	**91,343**	402,346
In the third to fifth years, inclusive	**1,037,852**	–
	2,544,845	2,763,350
Loans from an associate repayable:		
Within one year	**45,000**	246,640
	2,589,845	3,009,990

Notes:

(a) As at 30 September 2013, the carrying amounts of the Group's bank and other borrowings approximated to their fair values.

(b) As at 31 December 2012, certain of the Group's bank loans are secured by certain of the Group's time deposits and bills receivable amounting to HK$106,486,000 and HK$246,640,000, respectively.

(c) TCL Corporation ("TCL Corporation", the ultimate holding company of the Company) has guaranteed certain of the Group's bank loans up to HK$805,501,000 (31 December 2012: HK$1,355,187,000) as at the end of the reporting period.

10. 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 amount is unsecured, bears interest at a fixed rate of 1.485% per annum and is repayable within one year.

11. SHARE CAPITAL

	30 September 2013 (unaudited) *HK$'000*	31 December 2012 (audited) *HK$'000*
Authorised:		
2,200,000,000 (31 December 2012: 2,200,000,000) shares of HK$1.00 each (31 December 2012: HK$1.00 each)	**2,200,000**	2,200,000
Issued and fully paid:		
1,333,598,514 (31 December 2012: 1,321,002,598) shares of HK$1.00 each (31 December 2012: HK$1.00 each)	**1,333,599**	1,321,003

During the nine months ended 30 September 2013, the subscription rights attaching to 8,402,674, 3,266,642 and 926,600 share options were exercised at the subscription price of HK$2.45, HK$3.17 and HK$3.60 per share, respectively, resulting in the issue of 12,595,916 shares of HK$1.00 each for a total cash consideration of HK$34,278,000 before expenses.

12. COMPARATIVE AMOUNTS

The comparative condensed consolidated statement of comprehensive income has been re-presented as if the operation classified as discontinued operation during the period had been discontinued at the beginning of the comparative period (note 5). Certain comparative amounts have been reclassified to conform with the current period's presentation.

BUSINESS REVIEW

The global economy remained overshadowed with lingering uncertainties during the third quarter of 2013. Although the economy of the PRC had been gradually improving, the ongoing transformation of the TV industry ecosystem was intensifying the competition and thus inflicted pressure on both the average selling price and profit of TV products. Faced with more challenging operating environment, the Group adhered to its core development strategy with an emphasis on "speed and efficiency", and further boosted its sales volume by improving product competitiveness, optimizing the product mix and stepping up efforts in building sales channels and brand development. Nevertheless, due to the withdrawal of the energy-saving home appliances subsidy policy by the PRC government in June 2013, the demand for LCD TVs in the PRC Market dropped and the sales volume in the PRC Market in the third quarter did not meet the target. Furthermore, the optimistic expectation of the Group on the market demand at the beginning of the year led to increase in inventory of raw materials and products; as a result of the decreased raw material and product price, there was a significant devaluation of corresponding inventory. Further, quality issues of outside suppliers for components of individual products resulted in an additional increase in cost of after-sales service. As a result of the abovementioned factors, the Group's results were below expectation.

For the nine months ended 30 September 2013, the Group recorded a turnover of approximately HK$27,888 million, up by 13.3% year-on-year. Gross profit was approximately HK$4,100 million, down by 4.4% year-on-year. Gross profit margin dropped to 14.7% from 17.4% for the same period of last year. The expense ratio lowered to 14.4% from 14.7% for the same period of last year. Operating profit was approximately HK$220 million, down by 73.5% year-on-year. Net profit after tax from continuing operations was approximately HK$45 million, down by 91.9% year-on-year, net profit margin was 0.2%. If the One-off Gain in the same period of last year was excluded, operating profit and net profit after tax from continuing operations would have declined by 67.9% and 89.2% year-on-year, respectively. Profit attributable to owners of the parent from continuing operations was approximately HK$40 million, representing a decrease of 92.7% year-on-year, it would have decreased by 90.2% year-on-year if the One-off Gain for the same period of last year was excluded. Basic earnings per share for the Group and basic earnings per share from continuing operations were HK8.39 cents and HK3.04 cents, respectively (same period in 2012: HK48.85 cents and HK42.25 cents, respectively).

TV Business

For the nine months ended 30 September 2013, the Group sold a total of 12.52 million sets of LCD TVs, up by 15.4% year-on-year. The sales volume of LCD TVs in the PRC Market rose by 17.6% year-on-year to 7.02 million sets while the sales volume of LCD TVs in the Overseas Markets increased by 12.7% year-on-year to 5.50 million sets, of which the sales volume of LCD TVs in the Emerging Markets grew by 11.0% to 3.32 million sets. The Emerging Markets remained the major contributor to the Overseas Markets of the Group as well as a major growth driver alongside the PRC Market. According to the latest DisplaySearch report, the Group ranked No.3 in the global LCD TV market in the first half of 2013 with a market share of 6.7%. Meanwhile, the Group maintained its No.1 position in the PRC LCD TV market with a market share of 18.2%.

During the period under review, the Group sealed a strategic alliance with iQIYI, a leading online video platform in the PRC under Baidu, Inc. for the launch of a visionary and cross-industry new product "TCL-iQIYI TV+" ("TV+"), which has pioneered a new trend for cross-industry smart cloud terminal products. TV+ is custom-tailored for internet-savvy families in the PRC and embodies an all-round innovation in video content provision, broadcast technologies and interactive control experiences, being the first TV product to have truly incorporated with internet element. TV+ features a 5.9mm ultra-narrow edge and an ultra-thin body of 29mm in thickness. It is equipped with a premium dual-core processor and Android 4.2.2 operating system, and it features an independent four-speaker sound system to establish surround-effect ambience for an authentic three-dimensional listening experience, and also realises operations with comprehensive verbal commands. In addition, users are entitled to free permanent access to over 200,000 high-definition video content items and a comprehensive coverage of popular movies and TV drama series with daily update on TV+. The launch of TV+ has not only reinforced the Group's leading position in product competitiveness, but has also strengthened its experience in information technology operations, significantly accelerating incorporation of information technologies in the conventional TV business.

In recent years, TCL has allied with Hollywood in various aspects in order to widen the scope for more cooperations in different areas within the world entertainment business, while implementing its brand internationalization strategy with young and trendy culture and entertainment elements. On 15 September 2013, the world's largest IMAX theatre officially opened at "TCL Chinese Theatre", the landmark architecture on Hollywood Boulevard, the United States. After the renovation of "TCL Chinese Theatre", there have been further upgrades in the newly added facilities, technological improvements, as well as technical compatibility and visual and audio effect of the IMAX 3D theatre. Meanwhile, "TCL Square Experience Store" ("TCL Square") which was situated in the facade of "TCL Chinese Theatre" also opened officially on the same day. TCL Square is the first experience store of TCL in the North American Market that equipped with the latest high-end products. The re-opening of the "TCL Chinese Theatre" and the launch of TCL Square comprehensively demonstrate the technological strength and international brand image of TCL, allowing more young people from the United States and worldwide to experience the fascination from the combination of arts and technologies.

The Group's sales volume of TVs by regions during the period under review are as follows:

	First three quarters of 2013 ***('000 sets)***	First three quarters of 2012 *('000 sets)*	**Change**
LCD TVs	**12,520**	10,849	+15.4%
of which: LED backlight LCD TVs	**12,003**	7,731	+55.3%
Smart TVs	**1,782**	726	+145.5%
3D TVs	**1,911**	1,295	+47.6%
– PRC Market	**7,022**	5,971	+17.6%
– Overseas Markets	**5,498**	4,878	+12.7%
CRT TVs	**895**	1,658	(46.0%)
– PRC Market	**18**	150	(88.0%)
– Overseas Markets	**877**	1,508	(41.8%)
Total TV sales volume	**13,415**	12,507	+7.3%

The PRC Market

For the nine months ended 30 September 2013, the Group achieved growth in both sales volume and turnover in the PRC Market. The turnover rose by 20.4% year-on-year to HK$18,352 million and the PRC Market remains the Group's major source of revenue. The sales volume of LCD TVs reached 7.02 million sets for the first three quarters of 2013, up by 17.6% from the same period last year. Nevertheless, due to the withdrawal of the energy-saving home appliances subsidy policy by the PRC government in June 2013, the demand for LCD TVs in the PRC Market dropped and the sales volume in the PRC Market in the third quarter did not meet the target. In addition, high level of inventory of raw materials and products and the decrease in price resulted in a significant devaluation of corresponding inventory, which impacted gross profit margin. The operating profit from the PRC Market dropped 35.2% year-on-year.

The Group continued to strengthen its "full cloud strategies", sped up its strategic layout process for smart TVs, proactively improved development of 3D TVs and stepped up marketing efforts to boost the proportion of sales volume of smart TVs and 3D TVs. The sales volume of smart TVs was 1.67 million sets in the first three quarters of 2013, and its proportion to the total LCD TV sales volume in the PRC Market increased to 23.8%. The sales volume of 3D TVs increased from 1.26 million sets in the same period of last year to 1.89 million sets in the first three quarters of 2013, and its proportion to the total LCD TV sales volume in the PRC Market increased to 26.9%. Sales volume of smart TVs in September 2013 accounted for 29.8% of the LCD TV sales volume in the PRC Market.

Overseas Markets

The operational environment in the Overseas Markets was still full of challenges. The exchange rate volatilities in some of the emerging market countries led to a significant impact on the Group's sales volume and profitability. For the nine months ended 30 September 2013, the Group's turnover in the Overseas Markets decreased by 0.1% year-on-year to HK$8,645 million. Nevertheless, the sales volume of LCD TVs in the Overseas Markets increased by 12.7% year-on-year to 5.50 million sets, of which the sales volume of LED backlight LCD TVs increased from 3.25 million sets for the same period of last year to 5.20 million sets for the first three quarters of 2013, and accounted for 94.5% of the total sales volume of LCD TVs in the Overseas Markets.

The sales volume of the LCD TVs in the Emerging Markets rose by 11.0% year-on-year to 3.32 million sets for the first three quarters of 2013, in particular, sales performance in Vietnam yielded the most satisfying results, while the Group experienced steady market share growth in Australia. The Group has been capitalizing opportunities on the transition to high-end products in the Emerging Markets through introduction of smart TVs to adjust the product mix, however, the proportion of sales volume of high-end products needs to be improved. Meanwhile, the Group increased its points of sales by tapping the traditional sales channels in the rural markets and exploring the chain store channels in cities so as to boost the sales volumes.

In the European Market, the Group continued to implement its brand differentiation strategy and endeavored to optimize its product mix by speeding up the introduction of new products including smart TVs to boost the proportion of sales volume of high-end products. Smart TVs contributed to 18.2% of the Group's sales volume of LCD TVs in the European Market for the first three quarters of 2013, while enhancing the market share in France to 6.7% for January to August 2013, according to GfK figures. Meanwhile, the Group continued to improve its supply chain management and maintained its inventory at a reasonable level. In the North American Market, the Group launched 3 new product series in the third quarter of 2013 that received overwhelming market responses. The Group continued to maintain its strategic online cooperation with Amazon while actively developing countrywide and region-wide sales channels to boost the awareness and influence of the TCL brand.

R&D

The Group has been proactively increasing its investments in R&D and strived to boost its market share and core competences in mid-range and high-end products through combination of visionary product technologies and technological innovations, aimed at developing TCL into a more internationalized brand with global influence. During the third quarter of 2013, the Group obtained 192 patents for its technological development, and launched 12 new products in 5 series in the PRC Market. In addition, the Group has established a new form for the smart cloud terminal products by launching a visionary and cross-industry product TV+ in September 2013 which realized perfect integration of internet and television. It has also developed a TV ecosystem that features a vertically integrated value chain and spans operating systems, contents and services. The Group has gained advantage in the increasingly competitive smart TV industry.

Outlook

Looking ahead, the overall growth of the global TV industry is expected to remain slow. Nevertheless, favorable factors such as the PRC's steady urbanization process, the ongoing replacement demand of traditional CRT TVs and the increasing popularity of smart TVs will continue to support development of the LCD TVs in the PRC and the Emerging Markets.

As the development of multi-panel interaction of terminal products evolves rapidly, information technology enterprises are expanding into TV industry at a much faster pace, which intensified the competition. Also, the competition in smart TVs has spread from terminal products to product ecosystems, TV industry will face a new set of challenges. In industrial restructuring for smart TV transformation and upgrade in the PRC, the Group has secured a leading position in the industry by leveraging TCL's advantages in technologies and resources. The Group has persistently strengthened its "full cloud strategies" and established an ecosystem for smart TVs. In addition, the Group has been seeking breakthroughs in software and hardware platforms for smart TVs, pioneering cross-industry smart terminal products with "platform, content, terminal and application" features, and strengthening its cooperation with video content suppliers to accumulate rich experiences in applications of information technologies and operations, so as to further enhance its product competitiveness and market position.

In the PRC Market, the Group will reinforce its leadership in smart TV market by leveraging its competitive advantages in branding, products, sales channels and operation, it will continue to improve its product structure for 4K ultra high-definition TVs in order to enhance the competitiveness and the proportion of sales volume of high-end products. Meanwhile, the Group will continue to widen its integration in the industry chain so as to lower cost and expense ratio, and speed up the turnover rates to boost the gross profit margin of the products, with an aim to improve its overall competence. In addition, the Group will continue to step up more efforts in establishing sales channels in the third-tier to the sixth-tier markets and specialty stores, improve store efficiency and market penetration, promote the development of electronic commerce channels and integrate online and offline resources to further boost market share in the PRC Market.

In the Overseas Markets, the Group will continue to implement its business strategy with a focus on speed, efficiency and cost control. It will intensify efforts in brand building and marketing in the Overseas Markets, increase the proportion of investments on online channels to project a "young, fashionable and internationalized" image of the existing terminal promotions, in order to support its rapid and healthy business growth in the Overseas Markets with higher sales volumes and greater market shares. The Group will capitalize on the opportunities in the Emerging Markets, endeavor to boost the proportion of sales volume of LED backlight LCD TVs and smart TVs, and launch 4K ultra high-definition TV product series, proactively expand sales channels and enhance the overall operating efficiency. The sales volume of smart TVs is expected to continue its rapid growth in the Emerging Markets. The Group will also proactively explore electronic commerce platforms to seize sales opportunities in the markets including Europe and Australia. In addition, the Group will continue to improve operating efficiencies in the European and North American Markets, increase investment in branding, speed up the introduction of new products and increase sales volume in mainstream channels of key markets.

The Group will continue to implement its core development strategies with an emphasis on "speed and efficiency" and will endeavor to bring more value-for-money products to consumers through product innovation, cost optimization, product competitiveness and pricing strategies. It will also boost sales volumes and market shares by enhancing both the sales channels and brand development, striving to meet its annual sales volume target of 18.00 million sets of LCD TVs for 2013. The Group will fully capitalize on resource advantages of TCL Corporation, and cooperate more strategically with TCL Communication Technology Holdings Limited and Shenzhen China Star Optoelectronics Technology Co., Ltd., to exploit better synergies in products, R&D as well as management, etc. through strategic cooperation. The Group will leverage edges from its vertically-integrated operations to enhance its leading position in the global TV market, and make TCL to be an international brand with stronger global influence and comprehensive competitiveness, and thus, to maximize return to its shareholders.

FINANCIAL REVIEW

Significant Investments, Acquisitions and Disposals

Saved as disclosed in note 8, the Group has the following significant investments, acquisitions and disposals during the period.

On 22 February 2013, the Group announced its proposal to spin-off its ODM business in relation to AV products through separate listing of Tonly Group on the Main Board of the Stock Exchange. Following the approval by the Stock Exchange, the spin-off and separate listing of the Tonly Holdings on the Stock Exchange was completed on 15 August 2013, details of which are set out in the listing document of Tonly Holdings dated 17 July 2013. Upon the spin-off of the Tonly Group, the Company's entire interest in Tonly Holdings has been distributed as special interim dividend to the Company's qualifying shareholders and Tonly Holdings ceased to be a subsidiary of the Company thereafter.

On 19 April 2013, Shenzhen TCL New Technology Company Limited ("TCL New Technology"), a wholly-owned subsidiary of the Company, entered into club membership acquisition agreements with TCL Optoelectronics Tech (Shenzhen) Company Limited ("Shenzhen TCL Optoelectronics"), a non-wholly owned subsidiary of TCL Corporation, pursuant to which TCL New Technology agreed to acquire and Shenzhen TCL Optoelectronics agreed to sell further club membership interests, including but not limited to the exclusive rights to occupy and use the premises and the ancillary services at Unit 201 to Unit 708 of Category A to H of the 2nd to 7th Floor of B8 building and the whole floor of 6th Floor of D4 building, TCL Science Park, No. 1001, Zhongshanyuan Road, Xili, Nanshan District, Shenzhen, the PRC, for office and industrial research use, at cash consideration of approximately RMB51,416,000 (equivalent to approximately HK$63,756,000). The transaction was completed on 19 April 2013.

On 26 June 2013, each of TCL King Electrical Appliances (Huizhou) Company Limited, a wholly-owned subsidiary of the Company and TCL Technoly Electronics (Huizhou) Company Limited, a non-wholly owned subsidiary of the Company before the spin-off of Tonly Group (collectively, the "Purchasers"), entered into a transfer agreement with Huizhou TCL Mobile Communication Company Limited (the "Vendor"), a wholly-owned subsidiary of TCL Communication and an indirect non-wholly owned subsidiary of TCL Corporation, pursuant to which the Vendor would transfer a relevant portion of a piece of land located in Sub-division 38, Zhong Kai High Tech Park, Huizhou, Guangdong Province, the PRC, together with the buildings thereon to each of the Purchasers (the "Transfer"). The total consideration of the Transfer was approximately RMB72,918,000 (equivalent to approximately HK$91,148,000).

Liquidity and Financial Resources

The Group's principal financial instruments comprise of 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 30 September 2013 amounted to HK$3,925,205,000, of which 1.8% was maintained in Hong Kong dollars, 38.2% in US dollars, 56.6% in Renminbi, 1.9% in Euro and 1.5% was held in other currencies for its overseas operation.

There was no material change in the available credit facilities when compared with those for the year ended 31 December 2012 and there was no asset held under finance lease as at 30 September 2013.

As at 30 September 2013, the Group's gearing ratio was 0% since the Group's total pledged deposits and cash and bank balances of HK$3,925,205,000 were higher than the total interest-bearing borrowings of HK$2,977,560,000. The maturity profile of the borrowings ranged from one to three years.

Pledge of Assets

As at 30 September 2013, saved as disclosed in note 9, certain bills receivable of the Group amounting to HK$215,420,000 was pledged for certain bills payable amounting to HK$214,403,000 (31 December 2012: certain bills receivable and time deposits of the Group amounting to HK$88,050,000 and HK$719,734,000, respectively, were pledged for certain bills payable amounting to HK$804,045,000).

Capital Commitments and Contingent Liabilities

As at 30 September 2013, the Group had capital commitments of approximately HK$40,265,000 (31 December 2012: HK$44,092,000) and HK$461,454,000 (31 December 2012: HK$753,614,000) which were contracted but not provided for and authorized but not contracted for, respectively. There was no significant change in contingent liabilities of the Group compared to the position outlined in the annual report for 2012.

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 the Company's 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 policy of prudent financial management, the Group does not engage in any high risk derivative trading or leveraged foreign exchange contracts.

Employee and Remuneration Policy

The Group had a total of 29,148 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 Company. In order to align the interests of staff with those of shareholders, share options were granted to employees under the Company's share option schemes. Options for subscribing a total of 34,181,658 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 pursuant to which existing shares would be purchased by the trustee from the market out of cash contributed by the Group and be held on trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the Award Scheme.

PURCHASES, SALE OR REDEMPTION OF SHARES

Pursuant to the rules of the Award Scheme adopted by the Company on 6 February 2008, the Company purchased from the market a total of 1,500,000 shares being the awarded shares during the period. The total amount paid to acquire such shares was approximately HK$9,260,000.

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 nine months ended 30 September 2013, 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, except for the deviation from the Code Provisions A.6.7, D.1.4, E.1.2 and F.1.1. The reasons for the deviation from Code Provision F.1.1 remain the same as those stated in the Company's 2012 annual report and the reasons for the deviation from Code Provisions A.6.7, D.1.4 and E.1.2 remain the same as those stated in the interim report for 2013 of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2013, including the accounting principles adopted by the Group, with the Company's management. The Audit Committee comprises four members including Mr. TANG Guliang (Chairman), Ms. WU Shihong and Dr. TSENG Shieng-chang Carter, 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 period under review.

On behalf of the Board
LI Dongsheng
Chairman

Hong Kong, 24 October 2013

As at the date of this announcement, the Board comprises LI Dongsheng, HAO Yi and YAN Xiaolin as executive directors, Albert Thomas DA ROSA, Junior, BO Lianming, HUANG Xubin and SHI Wanwen as non-executive directors and TANG Guliang, Robert Maarten WESTERHOF, WU Shihong and TSENG Shieng-chang Carter as independent non-executive directors.