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 2013

FINANCIAL HIGHLIGHTS
Results for the year ended 31 December

	2013 *(HK$M)*	2012 *(HK$M)*	**Change**
Turnover	**39,495**	36,025	+9.6%
Gross profit	**5,414**	6,145	(11.9%)
Operating profit	**252**	1,172	(78.5%)
Net profit/(loss) after tax			
– For the year	**(34)**	922	N/A
– From continuing operations	**(123)**	826	N/A
Profit/(loss) attributable to owners of the parent			
– For the year	**(48)**	911	N/A
– From continuing operations	**(119)**	816	N/A
Basic earnings/(loss) per share *(HK cents)*			
– For the year	**(3.61)**	69.65	N/A
– From continuing operations	**(8.96)**	62.37	N/A
Full year dividend per share *(HK cents)*	**28.99**	24.80	+16.9%
– Paid interim dividend per share *(HK cents)*	**28.99**	10.00	+189.9%
– Proposed final dividend per share *(HK cents)*	**–**	14.80	N/A

HIGHLIGHTS

- For the year ended 31 December 2013, the Group recorded a turnover of approximately HK$39,495 million, up by 9.6% year-on-year. Gross profit amounted to approximately HK$5,414 million, down by 11.9% year-on-year. Operating profit was approximately HK$252 million, down by 78.5% year-on-year. Net loss after tax from continuing operations was approximately HK$123 million (2012: approximately HK$826 million of profit). Loss attributable to owners of the parent from continuing operations was approximately HK$119 million (2012: approximately HK$816 million of profit).

- The overall sales volume of LCD TVs reached 17.18 million sets, representing an increase of 10.7% year-on-year. The sales volume of LCD TVs in the PRC Market rose by 11.9% year-on-year; while the sales volume of LCD TVs in the Overseas Markets rose by 9.1% year-on-year, of which, the sales volume of LCD TVs in the Emerging Markets recorded a year-on-year increase of 13.0%. The proportion of sales volume from high-end products continued to grow, while the sales volume of smart TVs and 3D TVs in December 2013 accounted for 36.5% and 30.1% of the LCD TV sales volume in the PRC Market, respectively.

- According to the latest DisplaySearch report, the Group ranked No.3 in the global LCD TV market in 2013 with a market share of 6.5%. Meanwhile, the Group has maintained its No.1 position in the PRC LCD TV Market with a market share of 18.1%.

- The Group continued to develop a cross-industry smart terminal product which integrates "platform, content, terminal and application". It will further strengthen the strategic cooperation with business partners and develop a TV ecosystem that features a vertically integrated value chain and spans across operating systems, contents and services, in order to speed up internet-oriented development and ecosystem establishment.

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 ended 31 December 2013 with comparative figures for the previous year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Twelve months ended 31 December		Three months ended 31 December	
		2013	2012	**2013**	2012
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
CONTINUING OPERATIONS					
TURNOVER	4	**39,494,703**	36,025,004	**11,607,029**	11,420,409
Cost of sales		**(34,080,664)**	(29,880,087)	**(10,292,975)**	(9,562,226)
Gross profit		**5,414,039**	6,144,917	**1,314,054**	1,858,183
Other revenue and gains		**889,845**	586,200	**439,567**	200,800
Selling and distribution expenses		**(4,538,621)**	(4,221,231)	**(1,286,041)**	(1,264,687)
Administrative expenses		**(1,060,920)**	(950,746)	**(302,133)**	(282,646)
Research and development costs		**(424,574)**	(335,855)	**(130,230)**	(144,423)
Other operating expenses		**(27,712)**	(51,487)	**(3,155)**	(25,297)
		252,057	1,171,798	**32,062**	341,930
Finance costs	5	**(185,966)**	(274,782)	**(69,847)**	(66,682)
Share of profits and losses of:					
A joint venture		**(2,479)**	4,184	**(977)**	3,162
Associates		**(30,586)**	(17,704)	**(42,106)**	5,954
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	6	**33,026**	883,496	**(80,868)**	284,364
Income tax expense	7	**(155,949)**	(57,121)	**(86,713)**	(16,744)
PROFIT/(LOSS) FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS		**(122,923)**	826,375	**(167,581)**	267,620
DISCONTINUED OPERATION					
Profit for the year/period from a discontinued operation	8	**88,722**	95,162	**–**	9,158
PROFIT/(LOSS) FOR THE YEAR/PERIOD		**(34,201)**	921,537	**(167,581)**	276,778
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		**(21)**	(94)	**18,326**	(94)
Reclassification adjustments for gains included in the consolidated statement of profit or loss		**94**	–	**–**	–
		73	(94)	**18,326**	(94)
Exchange fluctuation reserve:					
Translation of foreign operations		**131,110**	2,183	**25,055**	41,252
Release upon liquidation of subsidiaries		**7,148**	3,642	**7,148**	3,598
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		**138,331**	5,731	**50,529**	44,756
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		**104,130**	927,268	**(117,052)**	321,534

	Notes	Twelve months ended 31 December **2013** ***HK$'000***	2012 *HK$'000*	Three months ended 31 December **2013** ***HK$'000***	2012 *HK$'000*
Profit/(loss) attributable to:					
Owners of the parent		**(48,075)**	910,916	**(159,604)**	274,131
Non-controlling interests		**13,874**	10,621	**(7,977)**	2,647
		(34,201)	921,537	**(167,581)**	276,778
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**84,324**	905,215	**(110,148)**	306,345
Non-controlling interests		**19,806**	22,053	**(6,904)**	15,189
		104,130	927,268	**(117,052)**	321,534
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10				
Basic					
– For profit/(loss) for the year		**HK(3.61) cents**	HK69.65 cents		
– For profit/(loss) from continuing operations		**HK(8.96) cents**	HK62.37 cents		
Diluted					
– For profit/(loss) for the year		**HK(3.61) cents**	HK69.03 cents		
– For profit/(loss) from continuing operations		**HK(8.96) cents**	HK61.82 cents		

Details of the dividends proposed for the year are disclosed in note 9.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2013** *HK$'000*	31 December 2012 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,407,598**	2,484,028
Prepaid land lease payments		**156,306**	146,266
Goodwill		**119,638**	119,638
Other intangible assets		**280**	419
Investment in a joint venture		**8,333**	11,574
Investments in associates		**512,871**	158,921
Available-for-sale investments		**6,677**	6,677
Deferred tax assets		**18,485**	150,707
Total non-current assets		**3,230,188**	3,078,230
CURRENT ASSETS			
Inventories		**4,971,680**	6,731,951
Trade receivables	11	**3,797,379**	4,338,139
Bills receivable		**5,158,738**	7,087,252
Other receivables		**1,920,027**	2,502,247
Tax recoverable		**29,969**	24,363
Pledged deposits		**–**	826,220
Cash and bank balances		**3,047,524**	3,431,337
Total current assets		**18,925,317**	24,941,509
CURRENT LIABILITIES			
Trade payables	12	**5,472,647**	9,263,133
Bills payable		**5,108,314**	5,176,951
Other payables and accruals		**4,067,483**	4,894,826
Interest-bearing bank and other borrowings	13	**870,343**	2,607,644
Due to TCL Corporation	14	**24,933**	–
Due to T.C.L. Industries	14	**387,710**	–
Tax payable		**142,551**	213,276
Provisions		**436,629**	430,845
Total current liabilities		**16,510,610**	22,586,675
NET CURRENT ASSETS		**2,414,707**	2,354,834
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,644,895**	5,433,064

	Notes	**31 December 2013** **HK$'000**	31 December 2012 *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,644,895**	5,433,064
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	13	**1,132,012**	402,346
Deferred tax liabilities		**30,502**	38,873
Total non-current liabilities		**1,162,514**	441,219
Net assets		**4,482,381**	4,991,845
EQUITY			
Equity attributable to owners of the parent			
Issued capital	15	**1,333,599**	1,321,003
Reserves		**3,024,687**	3,444,244
		4,358,286	4,765,247
Non-controlling interests		**124,095**	226,598
Total equity		**4,482,381**	4,991,845

Notes:

1. BASIS OF PREPARATION

These condensed 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 condensed 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 condensed consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. 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 new and revised HKFRSs for the first time for the current year'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*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
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 regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these condensed consolidated financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) 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. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The application of HKFRS 11 does not change the equity accounting conclusion of the Group in respect of its investment in a joint venture.

(c) HKFRS 12 sets out 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.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments 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.

(e) 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 rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss and other comprehensive income" as introduced by the amendments in these condensed consolidated financial statements.

(g) 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 disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these condensed consolidated financial statements. The amendments have had no impact on the financial position or performance of the Group.

(i) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. 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 had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows

- 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 reclassifications, 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.

- 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 distributions to equity holders.

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 condensed consolidated financial statements.

HKFRS 9	*Financial Instruments* [3]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39* [3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities* [1]
HKAS 19 Amendments	Amendments to *HKAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions* [2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* [1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* [1]
HK(IFRIC)–Int 21	*Levies* [1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014 [2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014 [2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 No mandatory effective date yet determined but is available for adoption

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

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

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 three 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

(b) AV segment – manufacture and sale of audio-visual ("AV") products (discontinued during the year ended 31 December 2013 (note 8)); and

(c) Others segment – comprises information technology and other businesses, including manufacture and sale of related television 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 bank 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.

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.

	Continuing operations								Discontinued operation					
	Television – PRC market		Television – Overseas markets		Others		Total continuing operations		AV		Eliminations		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:														
Sales to external customers	**25,665,747**	23,146,374	**11,884,234**	11,939,494	**1,944,722**	939,136	**39,494,703**	36,025,004	**2,256,667**	3,659,851	**–**	–	**41,751,370**	39,684,855
Intersegment sales	**3,354,244**	5,882,870	**–**	–	**288,711**	194,448	**3,642,955**	6,077,318	**61,765**	13,212	**(3,704,720)**	(6,090,530)	**–**	–
Total	**29,019,991**	29,029,244	**11,884,234**	11,939,494	**2,233,433**	1,133,584	**43,137,658**	42,102,322	**2,318,432**	3,673,063	**(3,704,720)**	(6,090,530)	**41,751,370**	39,684,855
Segment results	**60,954**	902,571	**(96,731)**	158,710	**(27,084)**	76,773	**(62,861)**	1,138,054	**91,737**	83,330	**–**	–	**28,876**	1,221,384
Bank interest income							**39,052**	96,061	**20,568**	30,931			**59,620**	126,992
Corporate income/(expenses), net							**275,866**	(62,317)	**–**	–			**275,866**	(62,317)
Finance costs							**(185,966)**	(274,782)	**(6,707)**	(3,514)			**(192,673)**	(278,296)
Share of profits and losses of:														
A joint venture	**–**	–	**(2,479)**	4,184	**–**	–	**(2,479)**	4,184	**–**	–	**–**	–	**(2,479)**	4,184
Associates	**(46,614)**	(31,506)	**–**	–	**16,028**	13,802	**(30,586)**	(17,704)	**66**	2	**–**	–	**(30,520)**	(17,702)
Profit before tax							**33,026**	883,496	**105,664**	110,749			**138,690**	994,245
Income tax expense							**(155,949)**	(57,121)	**(16,942)**	(15,587)			**(172,891)**	(72,708)
Profit/(loss) for the year							**(122,923)**	826,375	**88,722**	95,162			**(34,201)**	921,537

5. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Bank loans and overdrafts	**179,821**	205,513
Loans from TCL Corporation	**469**	48,579
Loans from T.C.L. Industries	**3,824**	15,069
Loans from an associate	**1,852**	5,621
Total finance costs for the year from continuing operations	**185,966**	274,782

6. PROFIT BEFORE TAX

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

	2013	2012
	HK$'000	*HK$'000*
Cost of inventories sold	**33,943,388**	29,751,070
Depreciation	**295,946**	288,583
Research and development costs	**521,065**	378,366
Less: Government grants released*	**(96,491)**	(42,511)
	424,574	335,855
Amortisation of other intangible assets	**150**	174
Amortisation of prepaid land lease payments	**4,025**	3,657
Minimum lease payments under operating leases in respect of land and buildings	**90,123**	88,686
Auditors' remuneration	**13,526**	13,313
Employee benefits expenses (including directors' remuneration):		
Wages and salaries	**2,026,105**	1,915,715
Equity-settled share option expense	**16,912**	21,547
Equity-settled Award Scheme expense	**–**	632
Defined contribution expense	**192,251**	157,020
	2,235,268	2,094,914
Foreign exchange gains, net	**(254,201)**	(36,911)
Impairment of items of property, plant and equipment**	**536**	31,231
Impairment of trade receivables, net**	**8,037**	14,383
Write-down of inventories to net realisable value	**258,578**	178,398
Fair value losses/(gains) on derivative financial instruments, net – transactions not qualifying as hedges	**14,929**	(13,548)
Realised loss/(gain) on settlement of derivative financial instruments	**6,506**	(31,394)
Rental income, net	**(5,213)**	(41,670)
Bank interest income	**(39,052)**	(96,061)
Government grants***	**(73,305)**	(59,221)
Loss/(gain) on disposal of items of property, plant and equipment and the associated prepaid land lease payments, net**	**(236,941)**	2,413
Gain on bargain purchase of subsidiaries	**–**	(143,749)
Loss on liquidation of subsidiaries**	**8,257**	3,460
Restructuring cost provision**	**10,882**	–
Product warranty provision, net	**359,409**	165,372

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.

** These expenses are included in "Other operating expenses" on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

*** Certain 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 EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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.

	2013	2012
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**2,354**	8,956
Overprovision in prior years	**–**	(3,836)
Current – Elsewhere		
Charge for the year	**105,244**	152,772
Overprovision in prior years	**(7,930)**	(8,509)
Deferred	**56,281**	(92,262)
Total tax charge for the year from continuing operations	**155,949**	57,121

8. DISCONTINUED OPERATION

On 15 August 2013, the Company completed the spin-off (the "AV Spin-off") of its business in relation to the manufacture and sale of AV products through a separate listing of its then wholly-owned subsidiary, Tonly Electronics Holdings Limited ("Tonly Holdings") on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Further details of the AV Spin-off are set out in the listing document of Tonly Holdings dated 17 July 2013. Upon the completion of the AV Spin-off, the Company distributed its entire interests in Tonly Holdings as a special interim dividend by way of distribution in specie to the Company's qualifying shareholders (the "Distribution") (note 9) and Tonly Holdings ceased to be a subsidiary of the Company thereafter.

The results of Tonly Holdings and its subsidiaries (collectively, the "Tonly Group") attributable to the Group for the period/year are presented below:

	Period from 1 January to 15 August 2013	2012
	HK$'000	*HK$'000*
Turnover	**2,256,667**	3,659,851
Cost of sales	**(1,967,212)**	(3,226,910)
Gross profit	**289,455**	432,941
Other revenue and gains	**90,296**	90,818
Selling and distribution expenses	**(81,525)**	(141,929)
Administrative expenses	**(100,418)**	(125,418)
Research and development costs	**(84,986)**	(142,151)
Other operating expenses	**(517)**	–
	112,305	114,261
Finance costs	**(6,707)**	(3,514)
Share of profit of an associate	**66**	2
Profit before tax from the discontinued operation	**105,664**	110,749
Income tax expense	**(16,942)**	(15,587)
Profit for the period/year from the discontinued operation	**88,722**	95,162
Profit attributable to:		
Owners of the parent	**71,140**	95,162
Non-controlling interests	**17,582**	–
	88,722	95,162

	2013	2012
Earnings per share from the discontinued operation:		
Basic	**HK5.35 cents**	HK7.28 cents
Diluted	**HK5.29 cents**	HK7.21 cents

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

	Period from 1 January to 15 August **2013** *HK$'000*	2012 *HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent from the discontinued operation, used in the basic and diluted earnings per share calculation	**71,140**	95,162

	Number of shares 2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation *(note 10)*	**1,330,093,157**	1,307,869,318
Effect of dilution – weighted average number of ordinary shares:		
Assumed issue at no consideration on deemed exercise of all share options outstanding during the year	**13,456,203**	11,776,472
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**1,343,549,360**	1,319,645,790

9. DIVIDENDS

	2013 *HK$'000*	2012 *HK$'000*
Interim dividend – HK28.99 cents (2012: HK10.00 cents) per ordinary share *(note)*	**386,467**	132,032
2012 final dividend – HK14.80 cents per ordinary share	**–**	195,687
	386,467	327,719

Note: On 15 July 2013, the Board declared a special interim dividend of HK28.99 cents per share, which was satisfied by way of the Distribution (note 8). 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 final dividend in respect of the year.

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted earnings/(loss) per share are based on:

	2013	2012
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation		
From continuing operations	**(119,215)**	815,754
From the discontinued operation	**71,140**	95,162
	(48,075)	910,916

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**1,330,093,157**	1,307,869,318
Effect of dilution – weighted average number of ordinary shares:		
Assumed issue at no consideration on deemed exercise of all share options outstanding during the year	**–**	11,776,472
Weighted average number of ordinary shares in issue during the year used in the diluted earnings/(loss) per share calculation	**1,330,093,157**	1,319,645,790

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2013 in respect of a dilution as the impact of the share options outstanding during the year had an anti-dilutive effect on the basic loss per share amount presented.

11. TRADE RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Due from third parties	**2,677,038**	3,018,240
Provision for impairment	**(211,437)**	(216,885)
	2,465,601	2,801,355
Due from related parties:		
Companies controlled by TCL Corporation	**886,457**	1,107,501
Associates of TCL Corporation	**3,169**	2,965
A joint venture	**42,500**	25,344
Associates	**399,652**	400,974
	1,331,778	1,536,784
	3,797,379	4,338,139

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 with 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 receivable balances. 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:

	2013	2012
	HK$'000	*HK$'000*
Current to 90 days	**3,278,385**	3,855,007
91 to 180 days	**376,613**	433,945
181 to 365 days	**127,681**	40,491
Over 365 days	**14,700**	8,696
	3,797,379	4,338,139

The Group has entered into certain receivables purchase agreements with banks for the factoring of trade receivables with certain designated customers. At 31 December 2013, trade receivables factored to banks aggregated to HK$9,331,000 (2012: HK$519,070,000) were fully derecognised from the condensed 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.

12. TRADE PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Due to third parties	**3,207,302**	6,537,503
Due to related parties:		
Companies controlled by TCL Corporation	**2,235,038**	2,682,750
Associates of TCL Corporation	**21,845**	15,254
Associates	**8,462**	27,626
	2,265,345	2,725,630
	5,472,647	9,263,133

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

	2013	2012
	HK$'000	*HK$'000*
Current to 90 days	**5,326,876**	8,940,845
91 to 180 days	**15,798**	137,000
181 to 365 days	**44,262**	125,620
Over 365 days	**85,711**	59,668
	5,472,647	9,263,133

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

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Current		
Bank loans – secured	**–**	106,198
Bank loans – unsecured	**825,343**	2,156,914
Trust receipt loans – unsecured	**–**	97,892
Loan from an associate – secured	**–**	246,640
Loan from an associate – unsecured	**45,000**	–
	870,343	2,607,644
Non-current		
Bank loans – unsecured	**1,132,012**	402,346
	2,002,355	3,009,990
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**825,343**	2,361,004
In the second year	**207,385**	402,346
In the third to fifth year, inclusive	**924,627**	–
	1,957,355	2,763,350
Loan from an associate repayable:		
Within one year	**45,000**	246,640
	2,002,355	3,009,990

Notes:

(a) As at 31 December 2013, the carrying amounts of the Group's bank and other borrowings approximated to their fair values.

(b) Certain of the Group's bank loans as at 31 December 2012 were secured by:

(i) pledge of certain of the Group's time deposits amounting to HK$106,486,000; and

(ii) pledge of certain of the Group's bills receivable amounting to HK$246,640,000.

(c) TCL Corporation ("TCL Corporation", the ultimate holding company of the Company) has guaranteed certain of the Group's bank loans up to HK$302,207,000 (2012: HK$1,355,187,000) as at the end of the reporting period.

14. DUE TO TCL CORPORATION/T.C.L. INDUSTRIES

T.C.L. Industries Holdings (H.K.) Limited ("T.C.L. Industries") is the immediate holding company of the Company and TCL Corporation is the ultimate holding company of the Company. The amounts are unsecured, repayable within one year and an aggregate amount of HK$24,933,000 due to TCL Corporation and an aggregate amount of HK$387,710,000 due to T.C.L. Industries as at 31 December 2013 bore interest at fixed rates of 6.60% and 1.485% per annum, respectively.

15. SHARE CAPITAL

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

During the year, the subscription rights attaching to 8,402,674, 926,600 and 3,266,642 share options were exercised at the subscription price of HK$2.45, HK$3.60 and HK$3.17 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.

16. COMPARATIVE AMOUNTS

The comparative condensed consolidated statement of profit or loss and other comprehensive income has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 8). In addition, certain comparative amounts have been reclassified to conform with the current period's presentation.

BUSINESS REVIEW

Looking back into 2013, against the backdrop of the slow recovery of the global economy, the PRC economy maintained stable growth and continued to proceed with deepened adjustments of its economic structure. Nevertheless, facing the challenges in the internet era and threats from internet companies as new entrants, the TV industry was posed with intensifying competition as well as the ongoing transformation within the traditional TV segment, inflicting pressure on the gross profit margin of TV products. Faced with a complicated and volatile operating environment, the Group adhered to its core development strategy with an emphasis on "speed and efficiency", and further improved its product competitiveness, optimized the product mix and stepped up efforts in building sales channels and brand development. However, 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 continued to decline and the Group did not meet its sales volume target in the PRC Market in 2013. Furthermore, an overly optimistic expectation of the Group on market demand at the beginning of 2013 prompted an overstocking of the inventory of raw materials, as a result of lower raw material prices, a significant devaluation had to be made for the corresponding inventory. Further, quality issues in individual products originated from sourcing of components from external suppliers resulted in an additional increase in the cost of after-sale services. These factors made the Group's results fall short of expectations.

For the year ended 31 December 2013, the Group recorded a turnover of approximately HK$39,495 million, up by 9.6% year-on-year. Gross profit amounted to approximately HK$5,414 million, down by 11.9% year-on-year. Gross profit margin dropped to 13.7% from 17.1% for the same period last year while expense ratio dropped to 14.2% from 14.4% for the same period last year. Operating profit was approximately HK$252 million, down by 78.5% year-on-year. Net loss after tax from continuing operations was approximately HK$123 million (2012: approximately HK$826 million of profit). Loss attributable to owners of the parent from continuing operations was approximately HK$119 million (2012: approximately HK$ 816 million of profit). The Group's basic loss per share and basic loss per share from continuing operations were HK3.61 cents and HK8.96 cents, respectively (basic earnings per share and basic earnings per share from continuing operations in 2012: HK69.65 cents and HK62.37 cents, respectively).

TV Business

For the year ended 31 December 2013, the Group sold a total of 17.18 million sets of LCD TVs, up by 10.7% year-on-year. The sales volume of LCD TVs in the PRC Market rose by 11.9% year-on-year to 9.91 million sets while the sales volume of LCD TVs in the Overseas Markets increased by 9.1% year-on-year to 7.28 million sets, of which the sales volume of LCD TVs in the Emerging Markets grew by 13.0% to 4.55 million sets. The Emerging Markets remained a major contributor to the Overseas Markets of the Group as well as a major growth driver alongside with the PRC Market. According to the latest DisplaySearch report, the Group ranked No.3 in the global LCD TV market in 2013 with a market share of 6.5%. Meanwhile, the Group maintained its No.1 position in the PRC LCD TV market with a market share of 18.1%.

The Group strives to enhance its product competitiveness and brand influence. In order to seize the first-mover opportunity in creating a smart TV ecosystem, 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, and became the first TV product to have truly incorporated with internet elements. TV+ was well-received by consumers with sales volume reaching over 100,000 sets in less than four months after its launch. TV+ has received "Global Innovative Smart TV of the Year" award at the 47th Consumer Electronics Show ("CES"). In addition, TCL has been included in the leagues of "Top 50 Global Consumer Electronics Brands" and "Top 10 Chinese Consumer Electronics Brands" for the sixth consecutive year and also received "2013 Global Innovative Smart TV of the Year" award and the most prestigious product award of all presented in CES this year.

Meanwhile, the Group is committed to proactively developing 4K ultra high-definition TV. 8 models of 4K ultra high-definition TV in 3 series, Cloud Xi E5690, Cloud Qing V8500 and Cloud Mu H9500, with panels sized from 39 inches to 85 inches, were launched and met the Chinese National 4K TV Certification Standards and received certificates No.001 to No.008. In particular, Cloud Mu H9500, with an 85-inch panel, obtained the No.001 certificate and has been dubbed "No.1 4K ultra high-definition TV " by the market for its outstanding performance. TCL was one of the first batch of certified TV manufacturers which met the Chinese National 4K TV Certification Standards. Announced by the National Testing and Inspection Center for Radio and TV Products, TCL has also the most product models approved by the certification, demonstrating its leading 4K display technology in the industry.

The Group has also launched TCL Disney Children TV, the world's first model that effectively protects and enhances children's eyesight. This product, in the first move of its kind in the industry, integrates seven innovative technologies for eyesight protection, featuring with More Vision Pal (視訓寶), natural light and distance perception, etc. The seven leading technologies for eyesight protection of TCL Disney Children TV received "Innovative Technology" award in China Electronic Information Industry Economic Operation Cum TV Industry Research Conference 2013, jointly organized by China Video Industry Association and All View Consulting in Beijing. TCL has also received "Innovative Product" award for its other products and became the only enterprise that received 3 grand awards.

In addition, the Group announced a new sub-brand "Viveza" for high-end TVs, and launched the first high-end TV product, Viveza V101, to develop premium high-end TV brand, at the beginning of 2013. Viveza V101 and the 110-inch ultra high-definition 3D flat-panel TV MTB001D01-1 won the "2013 CITE innovation product and application" gold award in the first "China Information Technology Expo" ("CITE"), making the Group the only enterprise to have two products awarded gold awards simultaneously in country-level contests.

In terms of brand promotion, TCL aims at enhancing its brand influence in the global TV industry through its international entertainment marketing efforts. During the first half of 2013, TCL had a series of cooperations with the Hollywood movie "Iron Man 3" through brand placement, joint promotions and authorized usage of creative elements. Meanwhile, TCL obtained the naming right of Grauman's Chinese Theatre, the landmark architecture on Hollywood Boulevard. The building was officially renamed "TCL Chinese Theatre". On 15 September 2013, the world's largest IMAX theatre officially opened at "TCL Chinese Theatre". Meanwhile, "TCL Square Experience Store" ("TCL Square"), situated in the facade of "TCL Chinese Theatre", also opened officially on the same day. 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 elsewhere in the world to experience the fascination from the combination of arts and technologies. TCL has maintained its No.1 position among television enterprises in the PRC with a brand value of RMB63,916 million and ranked No.6 among the top hundred Chinese brands in the 19th League of Top 100 "Most Valuable Brands of China". TCL has received the award for the eighth consecutive year, an achievement which demonstrates not only the Group's global brand influence, but also its sustainable, solid and significant branding strategies and achievement.

Besides, the Group proactively expands its business horizon to the world's premium theatre system by entering into a joint venture agreement with IMAX Corporation ("IMAX Corporation"), the world's leading entertainment technology company for the establishment of "TCL-IMAX Entertainment Co., Ltd.", which will be engaging in the development, manufacture and distribution of premium home theatre systems in the PRC and other selected global markets starting from 2015. TCL-IMAX Entertainment Co., Ltd. will provide end-to-end all-round smart home theatre entertainment solutions to consumers covering "hardware, software, service and content", providing customers with brand new home entertainment experiences.

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

	2013	2012	**Change**
	('000 sets)	*('000 sets)*	
LCD TVs	**17,184**	15,527	+10.7%
of which: LED backlight LCD TVs	**16,661**	11,828	+40.9%
Smart TVs	**2,800**	1,471	+90.3%
3D TVs	**2,669**	2,179	+22.5%
– PRC Market	**9,908**	8,856	+11.9%
– Overseas Markets	**7,276**	6,671	+9.1%
CRT TVs	**1,055**	2,030	(48.0%)
– PRC Market	**18**	176	(89.8%)
– Overseas Markets	**1,037**	1,854	(44.1%)
Total TV sales volume	**18,239**	17,557	+3.9%

The PRC Market

For the year ended 31 December 2013, the Group achieved growth in both sales volume and turnover in the PRC Market. The turnover rose by 10.9% year-on-year to HK$25,666 million and the PRC Market remains the Group's major source of revenue. The sales volume of LCD TVs reached 9.91 million sets for 2013, up by 11.9% from the same period of 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 did not meet the target. In addition, an overstocking of the inventory of raw materials and the decrease in price posed a need to make a significant devaluation of corresponding inventory, coupled with intensified competition, which impaired the gross profit margin. The operating profit from the PRC Market for the year dropped significantly by 93.2% year-on-year.

The Group continued to strengthen its "full cloud strategies", sped up the process of its strategic layout for smart TVs, persistently stepped up its marketing efforts to boost the proportion of sales volume of smart TVs and 3D TVs. During the year, the sales volume of smart TVs increased by 94.8% from 1.35 million sets for the same period last year to 2.63 million sets, and proportion of smart TVs in the total LCD TV sales volume in the PRC Market increased to 26.5%. Sales volume of 3D TVs was 2.64 million sets, and its proportion in the total LCD TV sales volume in the PRC Market was 26.6%. The sales volume of smart TVs and 3D TVs in December 2013 accounted for 36.5% and 30.1% of the LCD TV sales volume in the PRC Market, respectively. In addition, the Group also strengthened its sales channel establishment by opening 4,000 new specialty stores in 2013.

Overseas Markets

Volatilities in exchange rates, political risks and creditability risks in some of the emerging markets brought about numerous challenges to the operational environment in the Overseas Markets. For the year ended 31 December 2013, the Group's turnover in the Overseas Markets decreased by 0.5% year-on-year to HK$11,884 million. Nevertheless, the sales volume of the LCD TVs increased by 9.1% year-on-year to 7.28 million sets, of which the sales volume of the LED backlight LCD TVs grew from 4.58 million sets for the same period last year to 6.97 million sets in 2013, accounting for 95.7% of the total sales volume of the LCD TVs in the Overseas Markets.

During 2013, the sales volume of the LCD TVs in the Emerging Markets rose by 13.0% year-on-year to 4.55 million sets, of which the sales performance in Brazil was the most encouraging with a 72.6% year-on-year increase in sales volume. On one hand, the Group proactively capitalized on opportunities from the transition to high-end products in the Emerging Markets and introduced in full its smart TVs and high-definition TVs as part of the efforts in optimizing its product mix, of which smart TVs has been performing well in the market since the introduction in the first half of 2013. On the other hand, the sales volume in the Emerging Markets experienced a steady growth driven by an active expansion in new points of sales, as well as the ongoing improvement in sales capabilities at the terminal stores.

In the European Market, the Group continued to strive for optimizing in its product mix. Apart from accelerating the introduction of new products including the smart TVs, the Group adopted a product differentiation strategy by introducing the "Color Line" multi-color TV outlook option scheme which received good response from the market and helped boost its sales volume. In 2013, smart TVs accounted for 17.1% in the sales volume of LCD TVs in the European Market, of which the market share in France increased to 7.1% for 2013 from 5.7% for 2012, according to GfK figures. In addition, the Group continued to expand point of sales and sales channels, and increase the number of in-store product sample displays at markets in France, Poland, Germany, Spain and Italy, etc., in order to enhance consumers' access to the products.

R&D

The Group actively stepped up investments in R&D and strived to enhance its core competitiveness and market share in the middle to high-end products by combining visionary product technologies and technological innovations, with a view to groom TCL into a global brand with international influence. The Group obtained 502 patents and launched 99 new products in 37 series in the PRC Market.

With its leading position in the domains of large-panel, 4K ultra high-definition display technology and smart terminals, etc., the Group successfully launched a cross-industry new product TV+, the industry-leading 4K ultra high-definition TVs, TCL Disney Children TVs which targeted at the segmented market, high-end Viveza TV series and other high-end smart TVs, etc.. These products won a number of international and domestic national awards in recognition of further improvements in the R&D and innovation capabilities of the Group's products.

In addition, the Group exhibited its industry-leading 4K ultra high-definition large-panel product series, which include the 110-inch 4K ultra high-definition 3D LCD TVs, the latest 55-inch OLED TVs, TCL Curved ultra high-definition TVs as well as the 85-inch large panel Ultimate TVs etc. at the CES. Of which, TCL Curved ultra high-definition TVs, which perfectly assimilates the 4K ultra high-definition resolution advanced technology on curved panels, became one of the highlights of the Group in the CES, showcasing the Group's strengths in R&D and innovation capabilities for its products to consumers around the world.

Outlook

Looking ahead, the world economy will enter into a new stage featuring recoveries of markets. Meanwhile, the PRC government has set the theme for economic development in 2014 as striving for growth with stability as a priority. The PRC economy is heading towards comprehensive deepening of reforms and stable development of urbanization. Coupled with involvement of internet companies in the TV industry and increasingly popularity of smart TVs of the PRC Market will trigger a new round of replacements of TVs. Meanwhile, the Group expects growth in the overall global TV industry to remain sluggish while competition continues to intensify. The Group believes that competition within the TV industry has spread from among terminal products to among product ecosystems.

In view of the above, the Group has set three major development directions for the future, namely establishment of product-driven organization based on market insight, internet-oriented layout and brand globalization. First, the Group will endeavor the best of its efforts in establishing a mechanism that identifies consumer needs and user experiences. This will help enhance the Group's product planning and development model through consumer-demand-driven product planning that realizes a product manager system and a simplified product range. The Group will continue to enhance its product landscape of smart TVs and 4K ultra high-definition TVs in the PRC market, leveraging its advantages in technologies and resources to perpetuate its successful experience in TV+ in the development of cross-industry smart terminal products that encompass "platform, content, terminal and application" through developing more innovative products to accelerate its internet-oriented layout.

Second, regarding the internet-oriented layout, the Group will apply internet thinking in R&D, manufacturing and marketing of the products. For example, it will apply "exhaustive thinking" in identifying and analyzing user needs to develop products that exceed users' expectations. It will apply "fans thinking" and "media thinking" in strengthening user stickiness to facilitate "finer-targeted" marketing. The Group will also strengthen its ecosystem landscape and accomplish vertical integration of its LCD industry chain. Along with efforts in reinforcing its development in hardware business, it will establish lateral alliances in contents and services cooperations to create a user-centric lateral ecosystem that secures users with strengthened user and product interaction experiences, and nurture customer loyalty with stronger stickiness.

In addition, the Group will strengthen its operation infrastructure, focusing on the whole consumption process on the user end to develop provision of a one-stop services, leveraging on the TCL service center, logistics platform and data center. This will help establish an O2O model that integrates cross-organization marketing, sales, logistics and content in order to increase contact points with users. Furthermore, the Group will strengthen reforms on the sales front, enhance the existing sales channels while streamlining the workflow and improve the new direct sales system. It seeks to bring consumers closer through various internet tools such as social media, and innovative marketing models such as "finer-targeted" marketing. On the other hand, the Group will explore a new "software + hardware + content + service" business model, develop its new businesses including TV+, TCL and IMAX Corporation end-to-end all-round smart home theatre entertainment solution and TCL Disney Children TVs, etc.

Finally in the area of brand globalization, the Group will integrate its globalization resources, construct a globalized sales management platform in an effort to enhance operational efficiency, market share and awareness of the TCL brand in the global market.

The Group will adhere to its core development strategy that is based on "speed and efficiency", seeking to bring value-for-money products to consumers and deliver new lifestyle experiences, and strategically targeting to become a truly global multimedia entertainment technology enterprise. The Group has targeted its annual LCD TV sales volume of 18.50 million sets in 2014. Moreover, the Group will continue to capitalize on TCL Corporation's advantage in resources to exploit further synergies from strategic cooperations with TCL Communication Technology Holdings Limited ("TCL Communication") and Shenzhen China Star Optoelectronics Technology Co., Ltd., fully leveraging on its edge in vertical integration, in order to strengthen the Group's leading position in the global TV market, further grooming TCL into a global brand with stronger international influence and integrated competences, thereby bringing greater returns for shareholders.

FINANCIAL REVIEW

Significant Investments, Acquisitions and Disposals

The Group has the following significant investments, acquisitions and disposals during the year.

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 AV 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 AV Spin-off of the Tonly Group, the Company's entire interest in Tonly Holdings had 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 two 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 from the date of the agreements to 12 September 2056, at cash consideration in the sum 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 AV 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). The transaction was completed on 26 December 2013.

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 would 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 would 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 was paid by Management Committee of Wishful Zone of Hohhot. The transaction was completed on 29 November 2013.

On 29 October 2013, Sino Leader (Hong Kong) Limited, a wholly-owned subsidiary of the Company, entered into a joint venture agreement with an independent third party, IMAX (Hong Kong) Holding, Limited, a subsidiary of IMAX Corporation (together with its subsidiaries) which is a publicly traded company listed on both the New York Stock Exchange (stock code: NYSE:IMAX) and the Toronto Stock Exchange (stock code: TSX:IMX), pursuant to which the Group and IMAX Corporation agreed to form TCL-IMAX Entertainment Co., Limited, a joint venture incorporated in Hong Kong and certain other joint ventures in the PRC, which will be engaged in the development, manufacture and distribution, for worldwide customers, of premium and high-end private theatre systems, and providing both high quality day-and-date and library content for Chinese and foreign films, and standard television content and various other content, including music and gaming.

On 15 November 2013, TCL King Electrical Appliances (Chengdu) Company Limited ("TCL King (Chengdu)"), a wholly-owned subsidiary of the Company, entered into a capital injection agreement with TCL Finance Company Limited ("Finance Company", a 14% owned associate of the Company), TCL Corporation and JRD Communication (Shenzhen) Limited ("JRD Shenzhen", a wholly-owned subsidiary of TCL Communication) pursuant to which TCL King (Chengdu), TCL Corporation and JRD Shenzhen, all being shareholders of Finance Company with respective equity interest of 14%, 82% and 4% therein, agreed to inject a total of RMB1,000,000,000 (equivalent to approximately HK$1,271,779,000) into Finance Company on a pro rata basis. The amount of capital injection to be made by TCL King (Chengdu) was RMB140,000,000 (equivalent to approximately HK$178,049,000). Since the capital injection is on a pro rata basis, Finance Company will remain held as to 14% by TCL King (Chengdu). Upon completion of capital injection by its shareholders, the total registered capital of Finance Company increased from RMB500,000,000 (equivalent to approximately HK$635,890,000) to RMB1,500,000,000 (equivalent to approximately HK$1,907,669,000).The transaction was completed on 6 December 2013.

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 the year end amounted to HK$3,047,524,000, of which 2.6% was maintained in Hong Kong dollars, 34.0% in US dollars, 59.4% in Renminbi, 2.4% in Euro and 1.6% held in other currencies for its overseas operations.

There was no material change in 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 year end.

As at year end, the Group's gearing ratio was 0% since the Group's total pledged deposits and cash and bank balances of HK$3,047,524,000 were higher than the total interest-bearing borrowings of HK$2,414,998,000. The maturity profile of the borrowings ranged from one to three years.

Pledge of Assets

As at 31 December 2013, apart from those disclosed in note 13, certain bills receivable of the Group amounting to HK$639,949,000 was pledged for certain bills payable amounting to HK$635,890,000 (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

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

	2013	2012
	HK$'000	*HK$'000*
Contracted, but not provided for	**175,256**	44,092
Authorised, but not contracted for	**385,484**	753,614
	560,740	797,706

As at 31 December 2013, the Group did not have any material contingent liability not provided for in the condensed consolidated financial statements.

Pending Litigation

The Group had not been involved in any material litigation for the year ended 31 December 2013.

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 29,030 dynamic and talented employees. They were all dedicated to advancing the quality and reliability of our operation. 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 for a total of 34,181,658 shares remained outstanding at the end of 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 in 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 year. 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 year ended 31 December 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except the followings:

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 by each of them, Mr. Albert Thomas DA ROSA, Junior and Mr. HUANG Xubin, both of whom being non-executive directors of the Company, and Mr. Robert Maarten WESTERHOF and Dr. TSENG Shieng-chang Carter, both of whom being independent non-executive directors of the Company, were not present at the annual general meeting of the Company held on 22 April 2013. However, Mr. TANG Guliang and Ms. WU Shihong, both of them being independent non-executive directors of the Company were present at the annual general meeting to ensure an effective communication with the shareholders thereat.

Due to other pre-arranged business commitments which must be attended to by each of them, Mr. BO Lianming and Mr. HUANG Xubin, both of whom being non-executive directors of the Company, Mr. YAN Xiaolin, at the material time being a non-executive director of the Company, and Mr. Robert Maarten WESTERHOF and Dr. TSENG Shieng-chang Carter, both of whom being independent non-executive directors of the Company, were not present at the extraordinary general meeting of the Company held on 1 August 2013. However, Mr. Albert Thomas DA ROSA, Junior, being a non-executive director of the Company, and Mr. TANG Guliang and Ms. WU Shihong, both of them being independent non-executive directors of the Company were present at the extraordinary general meeting 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 all directors (except for Mr. HAO Yi who was appointed as an executive director of the Company on 13 August 2013, Mr. YAN Xiaolin who was appointed as a non-executive director of the Company on 24 April 2013 and subsequently redesignated as an executive director of the Company on 13 August 2013 and Mr. SHI Wanwen who were appointed as a non-executive director of the Company on 13 August 2013) 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 reelection 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.

Under Code Provision E.1.2, the Chairman of the Board should attend the annual general meeting.

Due to other pre-arranged business commitments which must be attended by him, Mr. LI Dongsheng, the Chairman of the Board, was not present at the annual general meeting held on 22 April 2013. However, as mentioned above, two independent non-executive directors of the Company were present at the annual general meeting and Mr. ZHAO Zhongyao, being the-then executive director and chief executive officer of the Company was elected chairman thereof pursuant to the articles of association to ensure an effective communication with the shareholders thereat.

Under Code Provision F.1.1, the company secretary should be an employee of the Company and have the day-to-day knowledge of the Company's affairs.

The company secretary of the Company, Ms. PANG Siu Yin, is a partner of the Company's legal adviser, Cheung Tong & Rosa Solicitors. Ms. PANG has been appointed as the company secretary of the Company in 1999. The Company has also assigned Mr. SIN Man Lung, financial controller of the Company as the contact person with Ms. PANG. Information in relation to the performance, financial position and other major developments and affairs of the Group (including but not limited to the management monthly report to the Board) are speedily delivered to Ms. PANG through the contact person assigned. Given the long-term relationship between Ms. PANG and the Group, Ms. PANG is very familiar with the operations of the Group and has an in depth knowledge of the management of the Group. Having in place a mechanism that she will get hold of the Group's development promptly without material delay and with her expertise and experience, the Board is confident that having Ms. PANG as the company secretary is beneficial to the Group's compliance of the relevant board procedures, applicable laws, rules and regulations.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's condensed consolidated financial statements for the year ended 31 December 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 year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on 28 April 2014, Monday, for the purposes of determining the entitlements of the shareholders of the Company to attend and vote at the annual general meeting. No transfer of the shares may be registered on that date. In order to qualify to attend and vote at the annual general meeting, 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 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 25 April 2014, Friday.

On behalf of the Board
LI Dongsheng
Chairman

Hong Kong, 24 February 2014

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.