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TCL DISPLAY TECHNOLOGY HOLDINGS LIMITED

TCL 顯示科技控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 334)

RESULTS ANNOUNCEMENT FOR THE TWELVE MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

Unaudited results for the twelve months ended 30 June

	2015	2014	Change
	RMB'000	RMB'000	
Revenue	2,404,316	2,497,713	-3.7%
Gross profit	213,698	234,398	-8.8%
(Loss)/profit attributable to owners of the parent	(4,039)	89,717	N/A
Basic and diluted (loss)/earnings per share (<i>RMB cents</i>)	(0.68)	15.28	N/A

The board of directors (the “Board”) of TCL Display 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 twelve months ended 30 June 2015 with comparative figures for the corresponding twelve months period ended 30 June 2014 as follows and these condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company’s Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the twelve months ended 30 June 2015

	<i>Notes</i>	For the twelve months ended 30 June	
		2015 (Unaudited) <i>RMB'000</i>	2014 (Unaudited) <i>RMB'000</i> (Restated)
REVENUE	4	2,404,316	2,497,713
Cost of sales		<u>(2,190,618)</u>	<u>(2,263,315)</u>
Gross profit		<u>213,698</u>	234,398
Other income and gains	4	40,400	7,074
Selling and distribution expenses		(33,404)	(52,104)
Administrative expenses		(59,276)	(49,812)
Listing expense	14	(140,844)	–
Other expenses		(662)	(2,627)
Finance costs	6	<u>(5,082)</u>	<u>(14,013)</u>
PROFIT BEFORE TAX	5	14,830	122,916
Income tax expense	7	<u>(18,869)</u>	<u>(33,199)</u>
(LOSS)/PROFIT FOR THE PERIOD		<u><u>(4,039)</u></u>	<u><u>89,717</u></u>
Attributable to:			
Owners of the parent		<u><u>(4,039)</u></u>	<u><u>89,717</u></u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		<u><u>RMB(0.68) cents</u></u>	<u><u>RMB15.28 cents</u></u>
Diluted		<u><u>RMB(0.68) cents</u></u>	<u><u>RMB15.28 cents</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

For the twelve months ended 30 June 2015

	For the twelve months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
		(Restated)
(LOSS)/PROFIT FOR THE PERIOD	<u>(4,039)</u>	<u>89,717</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations	<u>265</u>	—
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>265</u>	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>265</u>	—
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(3,774)</u>	<u>89,717</u>
Attributable to:		
Owners of the parent	<u>(3,774)</u>	<u>89,717</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2015 (Unaudited) <i>RMB'000</i>	30 June 2014 (Unaudited) <i>RMB'000</i> (Restated)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		160,870	102,294
Intangible assets		105	131
Non-current prepayments		7,657	35,545
Deferred tax assets		17,251	6,535
		<hr/>	<hr/>
Total non-current assets		185,883	144,505
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		135,759	196,506
Trade and bills receivables	10	317,535	366,653
Prepayments, deposits and other receivables		134,031	84,803
Due from related parties		214,286	205,320
Cash and cash equivalents		176,468	130,445
		<hr/>	<hr/>
Total current assets		978,079	983,727
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade and bills payables	11	556,547	513,196
Other payables and accruals		189,165	131,134
Due to related parties		74,736	266,944
Interest-bearing bank borrowings	12	179,800	56,630
Tax payable		12,923	21,360
		<hr/>	<hr/>
Total current liabilities		1,013,171	989,264
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(35,092)	(5,537)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		150,791	138,968
		<hr/>	<hr/>

		30 June 2015 (Unaudited) RMB'000	30 June 2014 (Unaudited) RMB'000 (Restated)
NON-CURRENT LIABILITIES			
Deferred income		16,200	7,776
Bonds payable	1	55,202	–
		<hr/>	<hr/>
Total non-current liabilities		71,402	7,776
		<hr/>	<hr/>
Net assets		79,389	131,192
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	90,807	60,880
Convertible bonds reserve	1	157,326	–
Reserves		(168,744)	70,312
		<hr/> <hr/>	<hr/> <hr/>
Total equity		79,389	131,192
		<hr/> <hr/>	<hr/> <hr/>

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

On 25 June 2015, capital restructuring, debt restructuring, open offer and the Reverse Takeover Transaction (as defined hereinunder) involving a new listing application was completed. The Group acquired the entire equity interest of TCL Display Technology (Huizhou) Co., Ltd (“TCL Display”), a limited liability company established in the PRC, which constituted a reserve takeover transaction (the “Reverse Takeover Transaction”). TCL Display is principally involved in the manufacture and sale of LCD modules for mobile phones and smart pads. The details of the Reverse Takeover Transaction are set out in the Company’s circulars dated 30 June 2014 and 16 February 2015 and in the Company’s announcement dated 17 April 2015.

Capital Restructuring

During the current period, the Company completed the capital restructuring, which involved the following:

Capital Reduction

On 13 March 2015, the nominal value of each of the 772,008,992 shares in issue was reduced from HK\$0.10 to HK\$0.01 by cancelling HK\$0.09 from the paid-up capital of each issued share and resulting in a capital reduction of RMB54,793,000 (the “Capital Reduction”). The Capital Reduction became effective on 13 March 2015.

Share Consolidation

Upon the Capital Reduction becoming effective, every ten reorganised shares of HK\$0.01 each was consolidated into one new share of HK\$0.10 each and the number of issued shares of the Company was reduced from 772,008,992 reorganised shares of HK\$0.01 each to 77,200,899 new shares of HK\$0.10 each (the “Share Consolidation”). Upon completion of the Share Consolidation, the number of the issued shares of the Company decreased by 694,808,093.

Share Premium Reduction

The share premium account and contributed surplus account of approximately RMB249,743,000 and RMB128,048,000 respectively as at 30 June 2014, including the amount arising from the issuance of Consideration Shares (as defined hereinunder) of RMB191,799,000 and Open Offer Shares (as defined hereinunder) of RMB19,999,000 as indicated below was applied to eliminate the accumulated losses of the Company.

Debt Restructuring

During the current period, the Company completed the debt restructuring and settled the amounts due to certain creditors of the Company (the “Scheme Creditors”) by the way of the schemes of arrangement made between the Company and the Scheme Creditors under Section 670 and 673 of the Companies Ordinance (Cap. 622) of Hong Kong (the “Hong Kong Scheme”) and Section 99 of the Companies Act 1981 of Bermuda (the “Bermuda Scheme”, together with the Hong Kong Scheme, hereinafter collectively referred to as the “Schemes”) respectively. On 16 April 2015, the Schemes became effective. Pursuant to the Schemes, all amounts due to the Scheme Creditors have been fully discharged through issuance of bonds in the principal amount of HK\$60,000,000 (equivalent to RMB47,316,000) (the “Bond A”) (the “Debt Restructuring”).

Bond A was issued in 2 tranches on 17 April 2015 and 25 June 2015 at the respective principal amount of HK\$10,000,000 and HK\$50,000,000, with a tenure of 5 years. Interest is chargeable at 7.5% per annum and payable semi-annually in arrears. As at 30 June 2015, the fair value of the Bond A approximated to its carrying amount.

The details of the Debt Restructuring are set out in the Company’s circulars dated 30 June 2014 and 16 February 2015 and in the Company’s announcement dated 17 April 2015.

Acquisition of the entire equity interest in TCL Display

According to the acquisition agreement dated 28 February 2014 entered into among the Company, the vendors and an independent third party (as amended on 30 May 2014 and 18 November 2014), the consideration of HK\$550,000,000 for acquisition of the entire equity interest in the TCL Display was satisfied as follows:

- (i) HK\$340,500,000 by the issuance and allotment of 972,857,143 shares (the “Consideration Shares”) by the Company at HK\$0.35 per Consideration Share to the vendors and the investor on 17 April 2015. Upon completion of the issuance of Consideration Shares, the number of the issued shares of the Company increased by 972,857,143, and the amount of the share capital and the share premium account of the Company increased by RMB76,720,000 and RMB191,799,000, respectively.
- (ii) HK\$199,500,000 by issuance of convertible bonds (“CB”) by the Company to the vendors, with no maturity date, zero coupon rate and an initial conversion price of HK\$0.35 per conversion share (subject to adjustment).

The CB holders are entitled to convert the CB into a total of 570,000,000 new ordinary shares of the Company at the initial conversion price during the conversion period starting from 26 December 2015, i.e. the date immediately following 6 months after resumption of trading in the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) until the principal amount has been fully converted and/or redeemed by the Company.

The Company has no obligation to repay any outstanding principal amount of the CB but has the rights at its discretion to redeem any principal amount of the CB at its face value. The CB meets the definition of equity under HKAS 32 and hence, is accounted for as equity instrument of the Company and the principal amount of HK\$199,500,000 (equivalent to RMB157,326,000) was recognised as the convertible bonds reserve of the Company.

- (iii) HK\$10,000,000 by issuance of bonds (the “Bond B”) on 17 April 2015 to one of the vendors at the principal amount of HK\$10,000,000 (equivalent to approximately RMB7,886,000), with a tenure of 3 years at NIL interest rate. As at 30 June 2015, the fair value of the Bond B approximated to its carrying amount. Bond B was accounted for as a distribution from the Group to a former shareholder of TCL Display. Bond A and Bond B comprise the bonds payable of RMB55,202,000 in the condensed consolidated statement of financial position.

The details of the acquisition of the entire equity interest in TCL Display are set out in the Company’s circulars dated 30 June 2014 and 16 February 2015 and in the Company’s announcement dated 17 April 2015.

Open Offer

During the period under review, the Company carried out the open offer (the “Open Offer”) of 101,441,768 offer shares (the “Open Offer Shares”) to raise approximately RMB27,999,000 on the basis of 2 Open Offer Shares for every 1 existing share held by the then qualifying shareholders on the record date (i.e. 19 May 2015) at the offer price of HK\$0.35 for each Open Offer Share. Upon completion of the Open Offer, the number of the issued shares of the Company increased by 101,441,768 and the amount of the share capital and the share premium account of the Company increased by RMB8,000,000 and RMB19,999,000, respectively.

The details of the Open Offer are set out in the prospectus and announcement of the Company dated 20 May 2015 and 10 June 2015 respectively.

Reverse Takeover Transaction

On 25 June 2015 (the “Combination Date”), the Reverse Takeover Transaction was completed. However, the Reverse Takeover Transaction does not fulfill the requirements for reverse acquisition in accordance with the HKFRS 3 as the Company was only a non-operating public shell corporation and does not meet the definition of a business under HKFRS 3. Instead, this should be accounted for in the Group’s financial statements as a continuation of the financial statements of the legal acquiree – TCL Display, together with a deemed issue of equity, equivalent to the shares held by former shareholders of the Group, and a re-capitalisation of the equity of TCL Display.

This deemed issue of equity is, in effect, an equity-settled share-based payment transaction whereby TCL Display has received the net liabilities of the Company, together with its listing status. Under HKFRS 2, TCL Display should measure the equity-settled share-based payments indirectly by reference to the fair value of the equity instruments issued as there are no goods or services received by TCL Display from this transaction. The increase in equity by TCL Display should be measured by reference to the fair value of the equity that are deemed to have been issued, i.e. RMB78,020,000 (the “Deemed Consideration”) in exchange for the net liabilities and listing status of the Company.

However, as the listing status does not qualify for recognition as an intangible asset, it is expensed in profit or loss.

These condensed consolidated financial statements have been prepared as a continuation of the consolidated financial statements of TCL Display:

- (i) The assets and liabilities of TCL Display are recognised and measured at their carrying amounts;
- (ii) The identified assets and liabilities of the Company are recognised and measured initially at their fair value on the Combination Date;
- (iii) The amount recognised as issued equity instruments reflects the equity instruments issued by the Company; and
- (iv) The comparative information presented in these consolidated financial statements is restated to be that of TCL Display as adjusted to reflect the Company's legal capital.

Further details of the Reverse Takeover Transaction are set out in note 14.

Going concern

The Group recorded a consolidated net loss of RMB4,039,000 (twelve months ended 30 June 2014: net profit of RMB89,717,000) for the twelve months ended 30 June 2015 and as at that date, the Group recorded net current liabilities of RMB35,092,000 (30 June 2014: RMB5,537,000). In view of these circumstances, the directors of the Company have given consideration to the future liquidity and future performance of the Group in assessing whether the Group will have sufficient cash flows to continue as a going concern. Based on the management estimation of the future cash flows of the Group, the directors of the Company believe that the Group has sufficient cash flows in the foreseeable future to enable it to continue its operations and meet its liabilities as and when they fall due. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the condensed consolidated financial statements.

Change of presentation currency

Upon completion of the Reverse Takeover Transaction, the Group changed the presentation currency of its consolidated financial statements from Hong Kong Dollar ("HK\$") to RMB because, in the opinion of the directors of the Company, the operations of the Group are mainly carried through TCL Display. The turnover of the Group are entirely contributed by the business in the PRC from the date of the completion of Reverse Takeover Transaction and this could provide users with more comparable information with other companies in similar industries. Comparative figures have been represented in RMB.

The change in presentation currency of the Group and the Company has been applied retrospectively in accordance with HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and the comparative figures as at 1 July 2013 and 30 June 2014 and for the twelve months ended 30 June 2014 have also been restated to RMB accordingly.

The change in presentation currency has no significant impact on the financial positions of the Group and the Company as at 1 July 2013, 30 June 2014 and 2015, or the results and cash flows of the Group and Company for the twelve months ended 30 June 2014 and 2015.

Change of financial year-end date

During the current financial year, the financial year-end date of the Company was changed from 30 June to 31 December to align with financial year end date of 31 December of TCL Display. The change of financial year end date of the Company from 30 June to 31 December will achieve consistency between the financial year end date of the Company and the financial year end date of TCL Display. This will facilitate the Company in preparing and updating its financial statements for the preparation of consolidated accounts, and enable the Company to better utilise its resources and facilitate better planning and operational processes of the Company. Accordingly, the condensed consolidated financial statements for the current period cover twelve months ended 30 June 2015. The details of the change of financial year end date are set out in the announcement of the Company dated 13 May 2015.

2. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of TCL Display's financial statements for the financial year ended 31 December 2014, except for the adoption of new standards and interpretations effective on or after 1 January 2015. The adoption of the new standards and interpretations has had no material effect on the accounting policies of the Group and the methods of computation in these condensed consolidated interim financial statements.

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

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment as follows:

The display products segment principally engages in the manufacture and sale of flat panel display products.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(a) Revenue from external customers

	For the twelve months ended 30 June	
	2015 (unaudited) RMB'000	2014 (unaudited) RMB'000 (Restated)
Mainland China*	1,021,697	1,323,117
Other countries/areas	1,382,619	1,174,596
	<u>2,404,316</u>	<u>2,497,713</u>

The revenue information above is based on the locations of the customers.

* Mainland China means any part of the PRC excluding Hong Kong, Macau and Taiwan.

(b) Non-current assets

All significant operating assets of the Group are located in Mainland China. Accordingly, no geographical information of segment assets is presented.

Information about major customers

Revenue of approximately RMB1,300,444,000 for the twelve months ended 30 June 2015 (twelve months ended 30 June 2014: RMB1,178,254,000) was derived from sales to fellow subsidiaries.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services rendered during the period, net of value-added tax, and after allowances for returns and trade discounts. All significant intra-group transactions have been eliminated on consolidation.

An analysis of revenue, other income and gains is as follows:

	For the twelve months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	RMB'000
		(Restated)
Revenue		
Sale of goods	2,404,316	2,497,713
Other income and gains		
Bank interest income	1,445	2,025
Government grants:		
– Related to assets*	1,595	1,367
– Related to income**	972	356
Exchange gains, net	2,888	762
Gains on disposal of raw materials, samples and scraps	6,965	2,478
Gain on a litigation compensation	26,424	–
Others	111	86
	40,400	7,074

* The amount represents the subsidies for the TFT-LCD program received from the local government. Government grants received for related assets which have not yet been fully depreciated are included in deferred income in the condensed consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

** The amount mainly represents rewards or subsidies from small and medium enterprise development funds received from the local government. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

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

	<i>Notes</i>	For the twelve months ended 30 June	
		2015 (Unaudited) <i>RMB'000</i>	2014 (Unaudited) <i>RMB'000</i> (Restated)
Cost of inventories sold		1,989,226	2,124,608
Depreciation		28,414	29,723
Amortisation of intangible assets		54	62
Auditors' remuneration		1,452	286
Research and development costs			
– current period expenditures		19,842	17,478
Minimum lease payments under operating leases			
– land and buildings		6,387	6,131
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		133,436	107,863
Pension scheme contributions		30,170	19,552
		<u>163,606</u>	<u>127,415</u>
Write-down of inventories to net realisable value**		18,555	384
Exchange gains, net *	4	(2,888)	(762)
Gain on a litigation compensation*	4	(26,424)	–
Listing expense	14	140,844	–
		<u><u>163,606</u></u>	<u><u>127,415</u></u>

* Included in “Other income and gains” in the condensed consolidated statement of profit or loss.

** Write-down of inventories to net realisable value is included in “Cost of sales” in the condensed consolidated statement of profit or loss.

6. FINANCE COSTS

	For the twelve months ended 30 June	
	2015 (Unaudited) <i>RMB'000</i>	2014 (Unaudited) <i>RMB'000</i> (Restated)
Interest on bank loans and bonds	2,327	4,265
Other finance costs:		
Interest on discount for bills receivable	2,755	9,748
	<u>5,082</u>	<u>14,013</u>

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the current period (twelve months ended 30 June 2014: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the twelve months ended 30 June	
	2015 (Unaudited) <i>RMB'000</i>	2014 (Unaudited) <i>RMB'000</i> (Restated)
Current – Mainland China		
Charge for the period	29,585	35,098
Deferred	(10,716)	(1,899)
Total tax charge for the period	<u>18,869</u>	<u>33,199</u>

TCL Display was recognised as a high-tech enterprise by the PRC tax authority in 2014 with an effective period of three years and was entitled to a 15% corporate income tax rate for the year ended 31 December 2014.

8. DIVIDENDS

The Board does not recommend the payment of any dividend by the Company for the twelve months ended 30 June 2015.

During the twelve months ended 30 June 2015, dividends with an aggregate amount of RMB118,163,000 (twelve months ended 30 June 2014: RMB62,239,000) were distributed by TCL Display to its then shareholders before completion of the acquisition of the entire equity interest of TCL Display by the Company.

	For the twelve months ended 30 June	
	2015 (Unaudited) <i>RMB'000</i>	2014 (Unaudited) <i>RMB'000</i> (Restated)
Dividends recognised as distribution	<u>118,163</u>	<u>62,239</u>

9. (LOSS)/EARNINGS PER SHARE

	For the twelve months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
		(Restated)
(Loss)/earnings		
(Loss)/profit for the period attributable to ordinary equity holders of the parent, used in the basic and diluted (loss)/earnings per share calculations	(4,039)	89,717
	<u><u>(4,039)</u></u>	<u><u>89,717</u></u>
	Number of shares	
	For the twelve months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted (loss)/earnings per share calculations	594,873,774	587,142,857
	<u><u>594,873,774</u></u>	<u><u>587,142,857</u></u>

The weighted average number of shares used for the purpose of calculating basic earnings per share for the twelve months ended 30 June 2014 is determined by reference to the pre-combination capital of TCL Display multiplied by the exchange ratio established in the Reverse Takeover Transaction.

The weighted average number of shares used for the purpose of calculating basic loss per share for the twelve months ended 30 June 2015 is determined by reference to the pre-combination capital of the TCL Display multiplied by the exchange ratio established in the Reverse Takeover Transaction and the weighted average total actual shares of the Company in issue after the completion of the Reverse Takeover Transaction.

No adjustment has been made to the basic loss per share amounts presented for the twelve months ended 30 June 2015 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amounts presented. No diluted earnings per share for the twelve months ended June 2014 is presented because TCL Display had no potentially dilutive ordinary shares in issue during that period.

10. TRADE AND BILLS RECEIVABLES

	30 June 2015 (Unaudited) <i>RMB'000</i>	30 June 2014 (Unaudited) <i>RMB'000</i> (Restated)
Trade receivables	206,333	197,289
Bills receivable	111,202	169,364
	<hr/> 317,535 <hr/>	<hr/> 366,653 <hr/>

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is required. The credit period generally ranged from 30 to 120 days, depending on the size and credibility of the customers.

The Group's trade receivables, other than the amounts due from related parties in trading nature, relate to a large number of diversified customers, and there is no significant concentration of credit risk.

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

	30 June 2015 (Unaudited) <i>RMB'000</i>	30 June 2014 (Unaudited) <i>RMB'000</i> (Restated)
Within 30 days	70,195	114,276
31 to 60 days	58,625	64,691
61 to 90 days	36,204	18,322
Over 90 days	41,309	–
	<hr/> 206,333 <hr/>	<hr/> 197,289 <hr/>

11. TRADE AND BILLS PAYABLES

	30 June 2015 (Unaudited) <i>RMB'000</i>	30 June 2014 (Unaudited) <i>RMB'000</i> (Restated)
Trade payables	435,692	396,510
Bills payable	120,855	116,686
	<hr/> 556,547 <hr/>	<hr/> 513,196 <hr/>

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

	30 June 2015 (Unaudited) <i>RMB'000</i>	30 June 2014 (Unaudited) <i>RMB'000</i> (Restated)
Within 30 days	203,329	241,540
31 to 60 days	129,980	131,020
61 to 90 days	173,199	62,333
Over 90 days	50,039	78,303
	<hr/> 556,547 <hr/>	<hr/> 513,196 <hr/>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 120 days. The carrying amounts of the trade payables approximate to their fair values.

12. INTEREST-BEARING BANK BORROWINGS

	30 June 2015 (Unaudited) <i>RMB'000</i>	30 June 2014 (Unaudited) <i>RMB'000</i> (Restated)
Current		
Interest-bearing bank loans – secured*	179,800	56,630
	<hr/> 179,800 <hr/>	<hr/> 56,630 <hr/>

* Secured by a letter of credit and an exporting invoice with amounts of RMB14,733,000 (30 June 2014: RMB7,367,000) and RMB206,334,000 (30 June 2014: RMB61,190,000), respectively.

13. SHARE CAPITAL

	<i>Notes</i>	Number of shares of HK\$0.10 each '000	Amount HK\$'000	RMB'000
Ordinary shares of HK\$0.10 each				
Authorised:				
At 1 July 2013, 30 June 2014 and 1 July 2014		2,000,000,000	200,000	
Increase in authorised share	(i)	2,000,000,000	200,000	
		<u>4,000,000,000</u>	<u>400,000</u>	
At 30 June 2015		<u>4,000,000,000</u>	<u>400,000</u>	
Issued and fully paid:				
At 1 July 2013, 30 June 2014 and 1 July 2014		772,008,992	77,200	60,880
Capital Restructuring	(ii)	(694,808,093)	(69,481)	(54,793)
Issuance and allotment of Consideration Shares	(ii)	972,857,143	97,286	76,720
Issuance upon Open Offer	(ii)	101,441,768	10,144	8,000
		<u>1,151,499,810</u>	<u>115,149</u>	<u>90,807</u>
At 30 June 2015		<u>1,151,499,810</u>	<u>115,149</u>	<u>90,807</u>

(i) Pursuant to a special resolution passed on 11 March 2015, the authorised share capital of the Company was increased from HK\$200,000,000 to HK\$400,000,000 by the creation of 2,000,000,000 additional shares of HK\$0.10 each.

(ii) Details are set out in note 1.

14. ACQUISITION OF A SUBSIDIARY

As mentioned in note 1, on the Combination Date, the Company acquired the entire interest of TCL Display, which constitutes a reverse takeover and TCL Display is treated as the acquirer, for accounting purpose. Accordingly, these condensed consolidated financial statements have been prepared as a continuation of the consolidated financial statements of TCL Display, and the results of the Company have been consolidated since the completion date of the Reverse Takeover Transaction. TCL Display is deemed to have issued shares in exchange for the net liabilities and listing status of the Company which resulted in the listing expense of approximately RMB140,844,000.

Details of the identifiable assets and liabilities of the Company and listing expense arising from the Reverse Takeover Transaction as at the Combination Date were as follows:

	<i>RMB'000</i>
Cash and cash balances	27,999
Other payables and accruals	(43,393)
Bonds payable	(47,430)
	<hr/>
Total identifiable net liabilities at fair value	(62,824)
Listing expense	140,844
	<hr/>
Fair value of the deemed shares issued by TCL Display	78,020
	<hr/> <hr/>

An analysis of the cash flows in respect of the Reverse Takeover Transaction is as follows:

	<i>RMB'000</i>
Cash consideration	–
Cash and bank balances acquired	27,999
	<hr/>
Net inflow of cash and cash equivalents included in cash flows from investing activities	27,999
	<hr/> <hr/>

15. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	30 June 2015 (Unaudited) RMB'000	30 June 2014 (Unaudited) RMB'000 (Restated)
NON-CURRENT ASSETS		
Investments in subsidiaries	<u>154,875</u>	–
Total non-current assets	<u>154,875</u>	–
CURRENT ASSETS		
Other receivables	–	3
Cash and cash equivalents	<u>27,999</u>	–
Total current assets	<u>27,999</u>	3
CURRENT LIABILITIES		
Other payables and accruals	43,348	401,719
Financial guarantee liabilities	–	<u>2,215,966</u>
Total current liabilities	<u>43,348</u>	<u>2,617,685</u>
NET CURRENT LIABILITIES	<u>(15,349)</u>	<u>(2,617,682)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>139,526</u>	<u>(2,617,682)</u>
NON-CURRENT LIABILITIES		
Bonds payable	<u>55,202</u>	–
Total non-current liabilities	<u>55,202</u>	–
Net assets	<u><u>84,324</u></u>	<u><u>(2,617,682)</u></u>
EQUITY		
Share capital	90,807	60,880
Convertible bonds reserve (<i>note</i>)	157,326	–
Reserves (<i>note</i>)	<u>(163,809)</u>	<u>(2,678,562)</u>
	<u><u>84,324</u></u>	<u><u>(2,617,682)</u></u>

Note:

A summary of the Company's reserves is as follows:

	Convertible bond reserve <i>RMB'000</i>	Share premium <i>RMB'000</i>	Contributed surplus <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 July 2013 (restated)	–	249,743	128,048	(3,038,997)	(2,661,206)
Loss and total comprehensive loss for the period	–	–	–	(17,356)	(17,356)
At 30 June 2014 (restated)	–	249,743	128,048	(3,056,353)	(2,678,562)
At 1 July 2014 (restated)	–	249,743	128,048	(3,056,353)	(2,678,562)
Profit and total comprehensive income for the period	–	–	–	2,248,162**	2,248,162
Issuance and allotment of Consideration*	–	191,799	–	–	191,799
Issuance of CB*	157,326	–	–	–	157,326
Open offer*	–	19,999	–	–	19,999
Capital Restructuring*	–	(461,541)	(128,048)	644,382	54,793
At 30 June 2015	157,326	–	–	(163,809)	(6,483)

* Details are set out in note 1.

** The profit and total comprehensive income for the period was mainly attributable to the gain on Debt Restructuring.

16. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current periods' presentation.

INDUSTRY REVIEW

In the past few years, amidst the backdrop of a weak macro-economy environment, the pace of global economic recovery was slow. In the second half of 2014, in general, competition within the panel display and touch-screen market was gradually intensified. According to a recently published Statistical Report of the Global Mobile Phone Market in the second quarter of 2015 by the market research firm IDC, in the first half of this year, total global mobile phone shipments was about 470 million units, representing a decrease of 0.4% as compared to the corresponding period in previous year. The report further stated that in many key markets, cheap mobile phones have become an important factor in promoting the growth of shipments; emerging markets are also the main growth driver of the smart phone.

With more frequent mergers and acquisitions among mainstream manufacturers, the mobile phone market is highly concentrated, which leads to more intensified industry competition; panel display and touch-screen industry has entered into a phase of in-depth integration and upgrading. After the exponential growth of domestic smart phone market in the past few years, the increased popularity of smart phones, together with the adjustments on handset subsidies policies by leading domestic operators in the industry, the market demand for domestic smart phones slowed down. Meanwhile, domestic internet companies, in the course of trying to capture internet ports, have directly or indirectly entered the domestic smart phone market. With growing numbers of new brand entrants, competition in the market will be more intensive, this may lead to a “high quality-low price” situation which the domestic smart phone market will inevitably have to face. On the other hand, the touch-screen and display module market has experienced an escalation in product performance in the past few years, but the market growth together with the improvement of product performance also begin to show signs of slowing down in 2015.

BUSINESS REVIEW

The Group is one of the major providers of small-to-medium-sized display module (≤ 10.1 ”) in the PRC, engaged primarily in the research and development, manufacturing, sales and distribution of LCD modules mainly for mobile phones. For the twelve months ended 30 June 2015 (the “Review Period”), the Group recorded a net loss of approximately RMB4.04 million, as compared to the net profit of approximately RMB89.7 million for the twelve months ended 30 June 2014 (the “Comparative Period”). The net loss for the Review Period was primarily due to the one-off listing expense, resulted from the reverse takeover undertaken by the Company which was regarded as a deemed new listing (details of which are set out in note 14). Excluding the one-off listing expense, the adjusted profit recorded by the Group during the Review Period was approximately RMB137 million, representing an increase of approximately 52.5% as compared to the Comparative Period.

During the Review Period, the unaudited consolidated revenue amounted to approximately RMB2.40 billion, representing a decrease of approximately 3.7% as compared to the Comparative Period. The decrease in revenue was primarily due to decrease in selling price. For the twelve months ended 30 June 2015, the recorded gross profit was approximately RMB214 million, down by 8.8% as compared with the Comparative Period. For the twelve months ended 30 June 2015, the gross profit margin was approximately 8.9%, representing a decrease of 0.5 percentage point as compared to the approximately 9.4% for the twelve months ended 30 June 2014. Net loss amounted to approximately RMB4.04 million, as compared to a net profit of RMB89.7 million of the Comparative Period.

During the Review Period, LCD modules for mobile phones remained the source of major revenue, representing 91.1% of the total revenue of the Group. As the growth of domestic demand for the smart phone market was slowing down, the income of the Group's LCD modules for feature phones with size smaller than 3.5" and LCD modules for smart phones with size from 3.5" to less than 6" during the Review Period amounted to approximately RMB258 million and approximately RMB1,930 million, decreased by approximately 27.8% and 7.9% respectively on year-on-year basis. On the other hand, benefited from the growth of a customer's demand for the display module applied for larger-sized intelligent devices, the revenue of the Group's other mobile devices LCD products (size ≥ 6 inches) surged approximately 424% to approximately RMB214 million on year-on-year basis, with its revenue proportion also showed gradual improvement which accounted for the Group's total revenue of approximately 8.9%.

The Group's revenue by product segments and their respective year-on-year change during the Review Period are as follows:

	For the twelve months ended 30 June				Year-on- Year Change %
	2014 (Unaudited)		2015 (Unaudited)		
	RMB'000	%	RMB'000	%	
TFT LCD module					
– (size<3.5") feature phone	357,927	14.3	258,266	10.7	-27.8
– (size 3.5"<6") smart phone	2,099,035	84.1	1,932,463	80.4	-7.9
– (size ≥6") other mobile devices	40,751	1.6	213,587	8.9	424.1
Total	2,497,713	100.0	2,404,316	100.0	-3.7

The Group is engaged primarily in the research and development (R&D) of and supply of LCD modules for various reputable international and domestic mobile phone manufacturers on an ODM basis. During the Review Period, Hong Kong and the PRC were the major markets of the Group. The revenue derived from Hong Kong and the PRC were approximately RMB1,320 million and approximately RMB1,020 million respectively, which accounted for an aggregate of approximately 97.5% of the total revenue of the Group. Moreover, the Group successfully won a new customer who is a globally renowned Korean supplier of consumer electronics, bringing significant growth in the revenue of the Group from its South Korean market during the Review Period, which amounted to approximately RMB59.1 million, representing a significant increase of approximately 308.8%.

The Group's revenue by geographical regions and the respective year-on-year change during the Review Period are as follows:

	For the twelve months ended 30 June				Year-on-
	2014 (Unaudited)		2015 (Unaudited)		Year Change
	RMB'000	%	RMB'000	%	%
PRC	1,323,117	53.0	1,021,697	42.5	-22.8
Hong Kong	1,159,453	46.4	1,323,609	55.0	14.2
Korea	14,434	0.6	59,010	2.5	308.8
Taiwan	709	0.0	0	0.0	-100.0
Total	2,497,713	100.0	2,404,316	100.0	-3.7

During the twelve months ended 30 June 2015, the Group continued to implement R&D projects, mainly comprising of development of products with ultra-thin and ultra-narrow edges, improvement of OTP capability, control on power consumption of products, design optimization for production automation and other projects. In addition to being able to improve the R&D and production capacity of the Group's large-sized ultra-thin full lamination products, the aforesaid projects also created favorable conditions for further upgrading of the Group's subsequent products. The Group also strives to make adjustment to its product mix, in order to enhance their core competitiveness. During the Review Period, the Group further implemented meticulous measures on its management, continued to improve on its manufacturing technique and upgrade the quality of its products. Through optimisation of the Group's market and product mix, the Group is able to provide more competitive product solutions to serve its end customers, thus enhancing customer loyalty and facilitating the increase of its market share.

The Group's plant in Huizhou City, Guangdong province covers a total GFA of over 44,000 sq.m, and is equipped with 24 LCD modules production lines (including 9 full lamination assembling lines), as well as advanced production technologies and facilities, which enable the Group to effectively increase its manufacturing capacity, enhance its product quality and reduce its production costs.

CHANGE OF COMPANY NAME

Following resumption of trading in the shares of the Company on 25 June 2015 (“Resumption”), all conditions to the change of Company name have been fulfilled, and hence the change of the Company’s English name from “Proview International Holdings Limited” to “TCL Display Technology Holdings Limited” and the adoption of the Chinese name “TCL顯示科技控股有限公司” as the second name of the Company to replace the Chinese name of “唯冠國際控股有限公司” which has been used for identification purposes only became effective on 25 June 2015.

The Board believes that the change of Company name provides a new corporate image for the Company, to better reflect the business strategy and the focus of future development of the Group and facilitate future business development of the Group.

OUTLOOK

In 2015, the slow pace of global economic recovery, the downward pressure brought about by domestic economic transformation led to uncertainties in the mobile intelligent terminal products market, and competition within the industry remains fierce. Demand in the mobile intelligent terminal market is slowing down from last year. According to the forecast of Display Search, a professional market research firm, shipments of global mobile phone in 2015 is expected to be approximately 1.94 billion units, representing a slight increase of approximately 3.5% as compared to 2014, of which 1.29 billion units are smart phones. Gartner Inc., an information technology research and advisory firm, also predicted that global tablet PC shipments in 2015 will be approximately 210 million units, representing a decrease of approximately 5.3% as compared to 2014 on year-on-year basis.

Facing industry consolidation, the major domestic end products manufacturers will gradually focus on medium-to-high-end products, thus affecting the structure of overall shipments; the market demand will also switch from the low-to-medium-end phones to high-end smart phones. As to product technology, the market share of the touch-screen products such as external touch-screen technology (GG/OGS) shows signs of rapid decline, and membrane-type external touch-screen technology (GF/GFF) maintains a relatively large market share, but price competition will further increase; the embedded touch-screen technology (In-cell and On-cell) led by LCD panel plant will gradually erode the market share of GG/OGS. It is expected that in the next two years, In-cell and On-cell will dominant the touch-screen display module market. At the same time, due to increased competition in the market, it is anticipated that in future, the domestic flat-panel displays and touch-screen module market will gradually phase out the small-to-medium sized enterprises which fails to excel advance technology, significant upstream and downstream resources or financial strength, and as a result will aggravate the situation of market concentration.

The Group is committed to broaden its customer base. Following last year's successful business relationship development with a number of domestic and foreign well-known brand customers and original design manufacturer customers, the Group will strive to achieve optimisation of the structure of the products sold to high-end customers in 2015, in order to further expand the sales scale. At the same time, the Group will strengthen business cooperation with its end customers. During the year, the Group has formulated a plan to develop business relationship with two well-known mobile phone manufacturer customers, and is in the process of factory inspection/approval and project start-up stage. It is expected to go into mass production in the second half of this year or early 2016. Moreover, the Group will continue to promote automation in product manufacturing and gradually push forward production line automation upgrading, which will not only improve uniformity and reliability of products, but will also help to cope with the gradual increase in labour cost in future.

In order to maintain product competitiveness, the Group will actively upgrade its product and technology development capacity. Following the On-cell module products which have been successfully put into mass production in the first quarter of 2015 and have obtained recognition from core clients, the Group will also actively develop the technique and craftsmanship for In-cell module products, and it is estimated that mass production of these module products will occur in the second half of 2015. On the other hand, the Group, with the co-operation from its core clients in the areas of R&D, is increasing its investment in the display module of smart phone devices. The Group is expecting to put these smart phone display module products into mass production in the second half of 2015, which will bring new sales opportunity for the Group.

Looking ahead, the Group will strive to develop new customers, and actively manufacture more products with higher profit margin to improve profitability and to achieve a stable growth of sales. Following Resumption and the change of Company name, the Group will make full use of the resource advantages and powerful brand influence of TCL Corporation to transform the Group into one of the global leading display module manufacturers, and strive for maximum value for its shareholders.

FINANCIAL REVIEW

Results

For the twelve months ended 30 June 2015, the unaudited consolidated revenue of the Group amounted to approximately RMB2.40 billion (for the twelve months ended 30 June 2014: RMB2.50 billion), representing an decrease of 3.7% over the same period of last year.

The gross profit margin of the Group decreased from 9.4 % to 8.9%.

For the twelve months ended 30 June 2015, the loss attributable to the owners of the parent was approximately RMB4.04 million (for the twelve months ended 30 June 2014: profit attributable to the owners of the parent of RMB89.7 million). The basic loss per share was RMB0.68 cents (for the twelve months ended 30 June 2014: basic earnings per share of RMB15.28 cents). The net loss for the Review Period was primarily due to the one-off listing expense of approximately RMB140,844,000, details of which are set out in note 14.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained robust liquidity position during the Review Period. The Group's principal financial instruments comprise cash and cash equivalents and interest-bearing bank loans. The Group's cash and cash equivalents balances as at 30 June 2015 amounted to approximately RMB176 million, of which 26.4% was in RMB, 57.6% was in US dollar and 16.0% was in HK dollar. As at 30 June 2015, the Group's interest-bearing bank loans was approximately RMB180 million. As at 30 June 2015, the total equity attributable to the owners of the parent was approximately RMB79.4 million (30 June 2014: RMB131 million), and the gearing ratio was 15.4% (30 June 2014: 5.0%). The gearing ratio is calculated based on the Group's total interest-bearing loans (including bank borrowings and bonds payable) divided by total assets.

Capital commitments and contingent liabilities

	30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Plant and equipment:		
Contracted, but not provided	<u>4,720</u>	<u>47,850</u>

As at 30 June 2015, the Group had no significant contingent liabilities (30 June 2014: nil).

Foreign exchange risk

The Group's business and operations is facing the international market, thus it is inevitable for the Group to be exposed to the risk of foreign exchange transactions and conversion.

The Group was committed to balance the trading in foreign currencies and the assets and liabilities denominated in foreign currencies to achieve a natural hedging effect. In addition, to achieve a prudent financial management, the Group has not conducted or engaged in any high-risk derivative transactions or leveraged foreign exchange contracts.

Employees and remuneration policies

As at 30 June 2015, the Group had retained a total of 2,925 employees. During the Review Period, the total staff costs amounted to approximately RMB164 million. The Group has reviewed the remuneration policy by reference to the existing legislation, market conditions, as well as the performances of the employee and the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

To the best knowledge of the directors, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any shares in the Company during the period under review.

CORPORATE GOVERNANCE

To the best knowledge of the current directors of the Company, the Company had applied the principles as set out in the Corporate Governance Code (“CG Code”) contained in Appendix 14 of the Listing Rules since Resumption up to 30 June 2015. Due to the severe financial difficulties of the Company (together with its then subsidiaries as a group) prior to the Reverse Takeover Transaction and the Resumption and the prolonged suspension in trading of the shares of the Company on the Stock Exchange, the directors of the Company are unable to comment as to whether the Company had complied with the CG Code throughout the period from 1 July 2014 to 24 June 2015.

As disclosed in the circular of the Company dated 30 June 2014, the Company upon Resumption adopted a system of corporate governance and has observed the CG Code.

In preparing for the Resumption and to demonstrate that the Company has fulfilled all requirements for Resumption, the Company has, among other things:

1. following completion of the acquisition of the entire interest in TCL Display Technology (Huizhou) Co., Ltd. by the Company on 17 April 2015, the Company has adopted the CG Code and Corporate Governance Report with effect from 17 April 2015 which sets out principles of good corporate governance in relation to, among other matters, directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders;
2. with effect from 25 June 2015, appointed three independent non-executive directors (“Independent Non-Executive Directors”), namely Ms. Hsu Wai Man Helen, Mr. Xu Yan and Mr. Li Yang, constituting not less than one-third of the members of the Board upon Resumption as required under Rule 3.10A of the Listing Rules;
3. established the audit committee, remuneration committee and nomination committee of the Board with the respective written terms of reference in compliance with the CG Code with effect from 25 June 2015;

4. with effect from 25 June 2015, appointed Ms. Choy Fung Yee (Ms. Choy), a partner of the Company's legal adviser, Cheung Tong & Rosa Solicitors, as the company secretary of the Company;
5. adopted, among others, the board diversity policy, the shareholders' communication policy, procedures for shareholders to propose a person for election as a director, code for securities transactions by relevant employees pursuant to the Model Code, and procedure for employees raising concerns about possible improprieties in financial reporting, internal control or other matters, all with effect from 25 June 2015;
6. with effect from 25 June 2015, Ms. Sun Min resigned from the positions of chairman and chief executive officer of the Company and such positions were respectively taken up by Mr. Li Yuguo and Mr. Li Jian in compliance with Code Provision A.2.1; and
7. following the appointment of Ms. Yang Yunfang, executive Director on 20 April 2015 and as at the date of this report, arranged appropriate insurance coverage for the directors of the Company in compliance with Code Provision A.1.8.

During the period of 25 June 2015 to 30 June 2015, the directors of the Company are aware of a deviation from Code Provision F.1.1 which requires, among other things, that the company secretary should be an employee of the Company. The company secretary of the Company, Ms. Choy, is a partner of the Company's legal advisor, Cheung Tong & Rosa Solicitors. Although Ms. Choy is not an employee of the Company, she has taken primary advisory role to TCL Display Technology (Huizhou) Co., Ltd. (being the subject matter to the Reverse Takeover Transaction) in the capital restructuring, debt restructuring, open offer and the Reverse Takeover Transaction and Resumption. The Company has also assigned Mr. Hui Yuk Fung, the Vice Director of Corporate Finance and Investor Relations of the Company as the contact person with Ms. Choy. Information in relation to the performance, financial position and other major developments of the Group are speedily delivered to Ms. Choy through the contact person assigned, to enable Ms. Choy to get hold of the Group's development promptly without material delay and with her expertise and experience, the Company is confident that having Ms. Choy as the company secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations.

Save as disclosed above, none of the directors of the Company is aware of any information which would reasonably indicate that the Company had not, throughout the period from 25 June 2015 to 30 June 2015, fully complied with the code provisions set out in the CG Code.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the twelve months ended 30 June 2015, including the accounting principles adopted by the Group, with the Company's management. The Audit Committee comprises three members, namely Ms. Hsu Wai Man, Helen (Chairman), Mr. Xu Yan and Mr. Li Yang, all being Independent Non-Executive Directors of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Board has adopted a code of conduct regarding directors' securities transaction on the same terms as the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Trading in the securities of the Company had been suspended during the period from 10 August 2010 to 24 June 2015.

Specific enquiries have been made with all directors of the Company and they 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
YUAN Bing
Chairman

Hong Kong, 11 August 2015

As at the date of this announcement, the Board comprises Mr. Yuan Bing as Chairman and non-executive Director; Mr. Li Yuguo, Mr. Li Jian, Mr. Ouyang Hongping and Ms. Yang Yunfang as executive Directors; and Ms. Hsu Wai Man Helen, Mr. Xu Yan and Mr. Li Yang as independent non-executive Directors.