GWT

長城科技股份有限公司

Great Wall Technology Company Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0074)

2013 ANNUAL RESULTS ANNOUNCEMENT

The board of directors ("Board") of Great Wall Technology Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2013 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Notes	**2013 RMB'000**	2012 RMB'000 *(Restated)*
Turnover	5	**92,816,202**	95,884,305
Cost of sales	5	**(86,611,544)**	(89,529,201)
Gross profit		**6,204,658**	6,355,104
Other income and gains		**1,881,351**	1,980,664
Net realise and unrealised gain on foreign exchange forward contracts and options		**198,093**	173,741
Gain on disposal of prepaid land lease payments		**546,765**	549
Impairment of property, plant and equipment		**(105,025)**	(130,414)
Impairment of intangible assets		**(277,637)**	–
Selling and distribution costs		**(3,758,510)**	(3,378,993)
Administrative and other operating expenses		**(2,417,854)**	(2,266,502)
Research and development expenses		**(1,749,893)**	(1,894,346)
Finance costs		**(708,313)**	(493,002)
Gain on deemed disposal of a subsidiary		**24,764**	–
Gain on deregistration of subsidiaries		**10,193**	–
Share of results of joint venture		**(2,836)**	(10,023)
Share of results of associates		**49,340**	52,859
(Loss) profit before tax	6	**(104,904)**	389,637
Income tax expense	7	**(445,019)**	(257,947)
(Loss) profit for the year		**(549,923)**	131,690
(Loss) profit for the year attributable to:			
Owners of the Company		**73,919**	(160,651)
Non-controlling interests		**(623,842)**	292,341
		(549,923)	131,690
Earnings (loss) per share			
– Basic and diluted (RMB cents per share)	9	**6.17 cents**	(13.41 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	**2013** RMB'000	2012 RMB'000 (Restated)	As at 1 January 2012 RMB'000 (Restated)
Non-current assets				
Property, plant and equipment		**6,469,453**	6,790,547	5,912,955
Prepaid land lease payments		**1,163,641**	666,629	357,339
Investment properties		**1,858,472**	1,458,451	1,477,954
Intangible assets		**902,537**	1,386,605	349,889
Interests in associates		**1,001,727**	807,526	653,161
Interests in a joint venture		**8,249**	11,194	61,522
Available-for-sale investments		**428,788**	393,587	263,318
Prepayments, deposits and other receivables		**989,399**	375,120	133,128
Term deposits		**173,452**	110,000	113,025
Pledged deposits		**23,400**	10,000	746,750
Derivative financial instruments		**71,657**	17,845	–
Deferred tax assets		**675,387**	701,441	256,734
		13,766,162	12,728,945	10,325,775
Current assets				
Inventories		**8,852,463**	10,279,397	7,687,545
Trade and bills receivables	10	**16,174,820**	16,560,802	17,484,408
Prepaid land lease payments		**34,315**	18,792	10,548
Prepayments, deposits and other receivables		**3,796,046**	3,932,341	2,897,849
Financial assets at fair value through profit or loss		**19,236**	26,104	36,892
Tax recoverable		**135,207**	112,994	30,401
Derivative financial instruments		**443,744**	203,727	233,206
Available-for-sale investments		**10,072**	–	–
Amounts due from fellow subsidiaries		**23,355**	27,686	20,797
Amounts due from associates		**7,511**	41,607	5,700
Term deposits		**247,000**	243,000	1,695,579
Pledged deposits		**4,157,430**	3,116,683	1,524,218
Bank balances and cash		**6,569,581**	5,386,054	3,457,887
		40,470,780	39,949,187	35,085,030
Current liabilities				
Trade and bills payables	11	**16,493,674**	16,320,590	14,475,148
Other payables and accruals		**7,760,431**	8,661,680	5,550,030
Bank and other loans		**9,439,259**	6,705,430	7,902,033
Derivative financial instruments		**418,918**	408,605	168,103
Tax payable		**345,151**	305,057	153,308
Warranties and other provisions		**816,644**	854,713	480,691
Amounts due to fellow subsidiaries		**3,635**	1,676	12,778
Amounts due to associates		**71,774**	16,025	794
Amount due to ultimate holding company		**145,000**	101,622	–
		35,494,486	33,375,398	28,742,885
Net current assets		**4,976,294**	6,573,789	6,342,145
Total assets less current liabilities		**18,742,456**	19,302,734	16,667,920

	2013	2012	As at 1 January 2012
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Capital and reserves			
Share capital	**1,197,742**	1,197,742	1,197,742
Reserves	**3,260,305**	3,138,850	3,372,332
Equity attributable to owners of the Company	**4,458,047**	4,336,592	4,570,074
Non-controlling interests	**10,429,931**	11,028,046	10,842,602
Total equity	**14,887,978**	15,364,638	15,412,676
Non-current liabilities			
Other payables	**850,709**	1,327,991	288,134
Bank and other loans	**2,105,631**	1,756,709	492,497
Pension obligations	**99,361**	120,744	46,501
Derivative financial instruments	**79,955**	176	–
Contingent consideration payable and redemption liability	**41,965**	117,502	–
Deferred tax liabilities	**570,611**	533,594	390,646
Warranties and other provisions	**22,144**	21,892	–
Government grants	**84,102**	59,488	37,466
	3,854,478	3,938,096	1,255,244
	18,742,456	19,302,734	16,667,920

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND BASIS OF PREPARATION

Great Wall Technology Company Limited (the "Company") is a limited liability company incorporated in the PRC and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and the principal place of business of the Company is located at No.2 Keyuan Road, Technology and Industrial Park, Nanshan District, Shenzhen, the PRC.

The Company and its subsidiaries (collectively referred to as the "Group") were principally involved in the development, manufacture and sale of TVs and computer and related products including hardware and software products.

In the opinion of the directors, the immediate holding of the Company is China Great Wall Computer Group Company ("CGW"), and the ultimate holding company of the Company is China Electronics Corporation ("CEC") as a result of the restructuring approved by the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") on 18 August 2006. Both of them are state-owned enterprises established in the PRC.

These consolidated financial statements are presented in Renminbi ("RMB") which is the same as the functional currency of the Company while the functional currency of a major subsidiary, TPV Technology Limited ("TPV"), is US dollars ("US$").

On 25 September 2013, the Company released an announcement in relation to a possible proposal for privatisation (the "H Share Offer") of the Company. On 16 December 2013, CEC, CGW and the Company have jointly announced that CEC will make a voluntary conditional offer to acquire all of the issued H Shares in the issued share capital of the Company. On the same day, CEC, CGW and the Company entered into an merger agreement ("Merger Agreement"). Under the Merger Agreement, subject to the completion of the H Share Offer and other conditions set out in the Merger Agreement, the Company will be merged and absorbed by CEC and then be de-registered in accordance with the PRC Company Law and other applicable PRC Laws.

The above H Share Offer and Merger Agreement are subject to the approval of independent H Shareholders of the Company in an extraordinary general meeting and the date is not fixed yet. Details are set out, inter alia, in the announcements of the Company dated 25 September 2013, 16 December 2013, 3 January 2014, 28 January 2014 and 21 February 2014.

Notwithstanding the above matters, the consolidated financial statements have been prepared on a going concern basis as the directors of the Company considered the above H share offer and Merger Agreement are in progress and the outcome is uncertain at the date of these consolidated financial statements being approved. The consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

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

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entitie
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HK (International Financial Reporting Interpretation Committee) ("IFRIC") – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the above new and revised to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period (please see notes 5 and 18 for the 2013 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 Consolidated Financial Statements, HKFRS 11 Joint Arrangements, HKFRS 12 Disclosure of Interests in Other Entities, HKAS 27 (as revised in 2011) Separate Financial Statements and HKAS 28 (as revised in 2011) Investments in Associates and Joint Ventures, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) Int-12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

As a result of the initial application of HKFRS 10, the directors of the Company made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusions.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, HK(SIC) - Int13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification ofjoint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors of the Company concluded that the Group's investment in BriVictory Display Technology (Labuan) Corp. ("BriVictory") and its wholly-owned subsidiary, BriVictory Display Technology (Poland) Sp. Z o.o. (collectively know as "BriVictory Group"), which was classified as a jointly controlled entity under HKAS 31 should be classified as a joint venture under HKFRS 11 and continue to account for using the equity method.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKAS 19 Employee Benefits (as revised in 2011)

HKAS 19 (revised), 'Employee benefits', introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits. The changes include: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group has applied the standard retrospectively. The adoption of this standard leads to the following changes on the Group's consolidated financial statements as previously reported:

– Increase in consolidated statement of profit or loss for the year ended 31 December 2012 by RMB4,437,000.

– Increase in pension obligations as at 1 January 2012 and 31 December 2012 by RMB8,588,000 and RMB12,715,000 respectively.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 9 and HKRFS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK ("IFRIC") – Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014.*
[2] Effective for annual periods beginning on or after 1 July 2014, except as disclosed below.*
[3] HKFRS 9, as amended in December 2013, amended the mandatory effective date of HKFRS 9. The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, application of HKFRS 9 is permitted.
[4] Effective for annual periods beginning on or after 1 January 2016.

* Early application is permitted.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

Key requirements of HKFRS 9 are described as follows:

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

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

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

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may affect the classification and measurement of the Group's available-for-sale financial assets and may have significant impact on amounts reported in respect of the Group's other financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

– obtain funds from one or more investors for the purpose of providing them with professional investment management services;

– commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

– measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

Amendments to HKAS 19 Defined Benefit Plans – Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors anticipate that the adoption of HKAS 19 in the future may have a significant impact on the amounts reported in respect of the Group's pension obligations. Regarding the Group's pension obligations, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

The directors of the Company do not anticipate that the application of these amendments to HKAS 39 will have any effect on the Group's consolidated financial statements as the Group does not have any derivatives that are subject to novation.

HK(IFRIC) – Int 21 Levies

HK (IFRIC) – Int 21 Levies addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The directors of the Company anticipate that the application of HK (IFRIC) – Int 21 will have no effect on the Group's consolidated financial statements as the Group does not have any levy arrangements.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker, being the executive directors of the Company, for making strategic decisions and assessing the performance of each business segment. The segments are managed separately as each business segment offers products and services which vary in terms of materials used, design and technology and services which require different production/service information to formulate different strategies.

The segment information of the Group is organised in the following basis:

(a) the TV segment produces televisions;

(b) TP Vision – TV business produces televisions under the brand "Philips";

(c) the monitor segment produces monitors;

(d) the electronic parts and components segment produces magnetic heads, switch power supplies, hard disk drives and disk substrates mainly for use in personal computers ("PC");

(e) the computer segment produces PCs, printers, network electric meters, servers and PC peripheral products;

(f) the property investment segment invests in prime office space for its rental income potential; and

(g) the “others” segment comprises, principally, the sales of chassis, spare parts, complete knock down/semi knock down products, the software and system integration and other related businesses.

The accounting policies of the reporting segment are identical to the Group’s accounting policies. Segment results represent the profit (loss) attributable to each segment without allocation of central administration costs, acquisition-related costs, director’s emoluments, bank interest income, finance costs, share of results of associates and joint venture, gain (loss) on disposal of financial assets at FVTPL/available-for-sale investments, gain on deemed disposal of a subsidiary, gain on deregistration of subsidiaries change in fair value of financial assets at FVTPL, net realised and unrealised gain on foreign exchange forward contracts, cross currency swaps and interest rate swaps, gain on deemed acquisition of additional interests options, of an associate, impairment of available-for-sale investments, dividend income, government grants received and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

For the purposes of monitoring segment performances and allocating resources between segments:

(a) all assets are allocated to reportable segments other than interests in associates and joint venture, available-for-sale investments, term deposits, pledged deposit, financial assets at FVTPL, derivative financial instruments, amount due from associates and fellow subsidiaries, bank balances and cash, tax recoverable, deferred tax assets and certain other receivables which were managed in a centralised manner.

(b) all liabilities are allocated to reportable segments other than bank and other loans, derivative financial instruments, amount due to associates, fellow subsidiaries and ultimate holding company, deferred tax liabilities, tax payable, government grants and certain other payables which were managed in a centralised manner.

Inter-segment sales are charged at prevailing market rates.

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the two years ended 31 December 2013 and 2012.

	TV *RMB'000*	TP Vision-TV business *RMB'000*	Monitor *RMB'000*	Electronic parts and components *RMB'000*	Computer *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Consolidated *RMB'000*
Year ended 31 December 2013								
Segment revenue								
Sales to external customers	12,182,712	18,859,602	35,342,116	17,612,794	385,959	391,755	8,041,264	92,816,202
Intersegment sales	10,160,049	–	–	2,672	–	2,560	–	10,165,281
	22,342,761	18,859,602	35,342,116	17,615,466	385,959	394,315	8,041,264	102,981,483
Elimination								(10,165,281)
Consolidated revenue								92,816,202
Segment results before increase in fair value of investment properties	84,459	(1,472,613)	1,224,998	10,528	30,178	(16,357)	(12,602)	(151,409)
Increase in fair value of investment properties	–	–	–	–	–	98,814	–	98,814
Segment results after increase in fair value of investment properties	84,459	(1,472,613)	1,224,998	10,528	30,178	82,457	(12,602)	(52,595)
Unallocated gains								573,749
Net realised and unrealised gain on foreign exchange forward contacts								198,093
Corporate and other unallocated expenses								(162,342)
Finance costs								(708,313)
Share of results of associates and jointly controlled entities								46,504
Loss before tax								(104,904)
At 31 December 2013								
Assets and liabilities								
Segment assets	7,162,033	6,348,668	14,213,035	4,889,336	3,113,882	1,242,569	1,887,787	38,857,350
Corporate and other unallocated assets								15,379,632
Total assets								54,236,942
Segment liabilities	6,062,831	5,373,970	9,967,298	1,737,473	984,187	–	2,065,840	26,191,599
Corporate and other unallocated liabilities								13,157,365
Total liabilities								39,348,964

	TV *RMB'000*	TP Vision- TV business *RMB'000*	Monitor *RMB'000*	Electronic parts and components *RMB'000*	Computer *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Consolidated *RMB'000*
Year ended 31 December 2012 *(restated)*								
Segment revenue								
Sales to external customers	14,360,198	17,149,314	36,458,670	16,561,380	3,326,360	137,362	7,891,021	95,884,305
Intersegment sales	7,697,343	–	44,405	–	–	27,731	30,132	7,799,611
	22,057,541	17,149,314	36,503,075	16,561,380	3,326,360	165,093	7,921,153	103,683,916
Elimination								(7,799,611)
Consolidated revenue								95,884,305
Segment results before increase in fair value of investment properties	70,733	237,749	54,000	13,023	25,506	30,671	60,270	491,952
Increase in fair value of investment properties	–	–	–	–	–	31,347	–	31,347
Segment results after increase in fair value of investment properties	70,733	237,749	54,000	13,023	25,506	62,018	60,270	523,299
Unallocated gains								487,383
Net realised and unrealised gain on foreign exchange forward contacts								173,741
Corporate and other unallocated expenses								(344,620)
Finance costs								(493,002)
Share of results of associates and jointly controlled entities								42,836
Profit before tax								389,637
At 31 December 2012								
Assets and liabilities								
Segment assets	11,628,885	4,354,536	16,284,274	3,031,253	1,819,841	1,458,451	2,071,259	40,648,499
Corporate and other unallocated assets								12,029,633
Total assets								52,678,132
Segment liabilities	6,320,686	6,608,883	10,041,614	1,120,120	1,243,175	–	2,182,175	27,516,653
Corporate and other unallocated liabilities								9,796,841
Total liabilities								37,313,494

Other segment information

Year ended 31 December 2013	TV *RMB'000*	TP vision – TV business *RMB'000*	Monitor *RMB'000*	Electronic parts and components *RMB'000*	Computer *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:									
Depreciation and amortisation	506,667	431,544	291,464	381,789	75,145	–	35,038	–	1,721,647
Additions to non-current assets (note)	950,561	284,325	398,648	740,613	395,130	–	61,120	–	2,830,397
Additions to non-current assets from acquisition of subsidiaries	5,232	4,055	9,537				1,770		20,594
Impairment losses and allowance recognised	128,162	99,330	233,643	308,829	7,351	–	43,354	–	820,669
Impairment losses and allowance reversed	–	–	–	(32,944)	–	–	–	–	(32,944)
Reversal of trademark payable	(85,487)	(68,380)	(157,296)	–	–	–	(30,775)	–	(341,948)
Provision for product warranties and restructuring	304,950	236,347	555,931	148,504	–	–	103,157	–	1,348,888
Reversal of provision for product warranties	–	–	–	(52)	–	–	–	–	(52)
Gain on disposal of property, plant and equipment	(7,621)	(5,907)	(13,894)	(29,999)	(59)	–	(2,578)	–	(60,058)
Gain on disposal of prepaid land lease payments	(125,066)	(96,931)	(227,411)	(22,287)	8	(32,771)	(42,307)	–	(546,765)
Gain on disposal of investment properties	–	–	–	–	–	(9,640)	–	–	(9,640)
Gain on disposal of intangible assets	–	–	–	(17,706)	–	–	–	–	(17,706)
Fair value gain on contingent consideration payable and redemption liability	(19,566)	(15,164)	(35,669)	–	–	–	(6,619)	–	(77,018)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:									
Bank interest income	(5,067)	(3,927)	(9,238)	(171,306)	(929)	(73,114)	(1,715)	–	(265,296)
Finance cost	152,775	118,406	279,227	56,837	–	49,389	51,679	–	708,313
Income tax expense	88,634	68,694	161,581	130,959	–	(34,832)	29,983	–	445,019
Impairment of available-for-sale investments	–	–	–	–	–	–	–	37,191	37,191
Change in fair value of financial assets at FVTPL	–	–	–	–	–	–	–	6,236	6,236
Gain on deemed acquisition of addition interests of an associate	–	–	–	–	–	–	–	(2,987)	(2,987)
Gain on deemed disposal of a subsidiary	–	–	–	–	–	–	–	(24,764)	(24,764)
Gain on disposal of available-for-sale investment	–	–	–	–	–	–	–	(21,124)	(21,124)
Share of results of jointly ventures and associates	–	–	–	–	–	–	–	(46.504)	(46.504)
Net realised and unrealised gain on foreign exchange forward contract, options, cross currency swaps, interest rate swaps and options	–	–	–	–	–	–	–	(171,824)	(171,824)

Note: Non-current assets excluded financial instruments, interests in associates, interests in joint ventures and deferred tax assets.

Year ended 31 December 2012	TV	TP vision-TV business	Monitor	Electronic parts and components	Computer	Property investment	Others	Unallocated	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:									
Depreciation and amortisation	471,090	414,981	277,635	374,726	91,623	–	41,750	–	1,671,805
Additions to non-current assets *(note)*	919,740	119,641	438,105	249,864	195,860	–	64,759	–	1,987,969
Additions to non-current assets through acquisition of subsidiaries *(note)*	144,302	2,067,584	–	–	–	–	–	–	2,211,886
Impairment losses and allowance recognised	49,520	16,341	65,648	325,813	21,102	–	13,623	–	492,047
Impairment losses and allowance reversed	–	–	–	(46,632)	(73)	–	–	(102)	(46,807)
Provision for product warranties and restructuring	501,941	401,552	133,851	–	41,890	–	78,080	–	1,157,314
Reversal of provision for product warranties	–	–	–	(3,806)	–	–	(4,469)	–	(8,275)
(Gain) loss on disposal of property, plant and equipment	1,167	933	311	(80)	5,513	–	201	–	8,045
Gain on disposal of investment properties	–	–	–	–	–	(28,570)	–	–	(28,570)
Gain from bargain purchase of subsidiaries	(5,256)	(155,898)	–	–	–	–	–	–	(161,154)
Fair value loss on contingent consideration payable	–	11,431	–	–	–	–	–	–	11,431
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:									
Bank interest income	(12,563)	(10,050)	(3,350)	(154,159)	(6,638)	–	(1,953)	–	(188,713)
Finance cost	176,146	140,917	49,003	71,422	43,930	–	11,584	–	493,002
Income tax expense	23,628	80,769	70,885	51,752	9,531	7,837	13,545	–	257,947
Impairment of available-for-sale investments	–	–	–	25,577	–	–	–	–	25,577
Change in fair value of financial assets at FVTPL	–	–	–	–	–	–	–	(2,676)	(2,676)
Gain on disposal of prepaid land lease payments	–	–	(549)	–	–	–	–	–	(549)
Gain on deemed acquisition of additional interests of an associate	–	–	–	–	–	–	–	(12,395)	(12,395)
Loss on disposal of available-for-sale investments	–	–	–	–	–	–	–	886	886
Share of results of jointly controlled entities and associates	–	–	–	–	–	–	–	(42,836)	(42,836)
Net realised and unrealised gain on foreign exchange foreign contract, options, cross currency swaps and interest rate swaps	–	–	–	–	–	–	–	(158,718)	(158,718)

Note: Non-current assets excluded financial instruments, interests in associates, interests in jointly controlled entities and deferred tax assets

Geographical information

The Group's manufacturing and sales operations and property investments are mainly located in the PRC, Europe, Asia Pacific and America.

The following table provides an analysis of the Group's revenue from external customers presented based on the location of operations, irrespective of the origin of the goods or services:

	Turnover by geographical market	
	2013	2012
	RMB'000	*RMB'000*
The PRC (including Hong Kong)	**24,116,725**	24,961,280
Europe	**27,105,916**	28,056,211
Asia Pacific (excluding the PRC)	**9,522,855**	9,856,601
North America	**12,391,749**	12,826,987
Others	**19,678,957**	20,183,226
	92,816,202	95,884,305

Information about the Group's non-current assets is presented based on the geographical location of the assets. At the end of the reporting period, the total amount of approximately RMB5,059,041,000 (2012: RMB5,353,082,000) of non-current assets other than available-for-sale investments, prepayment, deposits and other receivables, term deposits, pledged deposits, derivative financial instruments and deferred income tax assets were located in the PRC, and the total amount of approximately RMB6,345,038,000 (2012: RMB5,767,870,000) of these non-current assets were located in other countries.

Information about major customers

The Group has not identified any customer which individually represented over 10% of the Group's total external sales for both years.

4. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Interest on bank and other loans, wholly repayable within five years	**383,321**	256,725
Interest on subordinated loans, wholly repayable within five years	**43,329**	49,815
Unwinding of interests on license fee payable	**288,418**	189,315
Total borrowing costs	**715,068**	495,855
Less: amounts capitalised	**(6,755)**	(2,853)
	708,313	493,002

5. TURNOVER, OTHER INCOME AND GAINS

Turnover represents the net invoiced value of goods sold, after allowances for returns, trade discounts and sales tax; the values of services rendered; and gross rental income received from investment properties during the year.

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

	2013	2012
	RMB'000	*RMB'000*
Turnover		
Sale of goods	**92,524,382**	95,673,875
Rendering of services	**80,263**	73,068
Gross rental income *(note a)*	**211,557**	137,362
	92,816,202	95,884,305
Other income		
Bank interest income	**265,296**	188,713
Dividend income from unlisted available-for-sale investments	**20,808**	4,875
Government grants *(note b)*	**263,534**	262,583
Sale of scrap materials	**63,313**	47,903
Brand promotion fee income	**530,280**	863,025
Compensation for product launch delay	**607**	255,258
Reversal of impairment of trade receivables	**32,743**	32,466
Reversal of impairment of other receivables	**201**	14,341
Reversal of provisions for products warranties	**52**	8,275
Other tax refund	**4,172**	–
Others	**67,050**	51,044
	1,248,056	1,728,483

	2013	2012
	RMB'000	*RMB'000*
Gains		
Fair value gain on investment properties	**98,814**	31,347
Fair value gain of financial assets at FVTPL	**–**	2,676
Gain from bargain purchase of subsidiaries	**–**	161,154
Gain on deemed acquisition of additional interests of an associate	**2,987**	12,395
Net realised and unrealised gain on cross currency swaps	**–**	16,039
Gain on disposal of intangible assets	**17,706**	–
Gain on disposal of available-for-sale investments	**21,124**	–
Reversal of trademark license fee payable	**341,948**	–
Gain on disposal of property, plant and equipment	**60,058**	–
Gain on disposal of equity investments at FVTPL	**4,000**	–
Gain on remeasurement of contingent consideration payable and redemption liability for written put option over shares in a subsidiary	**77,018**	–
Gain on disposal of investment properties	**9,640**	28,570
	633,295	252,181
	1,881,351	1,980,664

Notes:

a.

	2013	2012
	RMB'000	*RMB'000*
Gross rental income	**211,557**	137,362
Less: direct expenses (included in cost of sales)	**(129,419)**	(79,181)
Net rental income	**82,138**	58,181

b. Included in the amount of government grants recognised during the year ended 31 December 2013 of approximately RMB256,552,000 (2012: RMB247,678,000) were received in respect of certain research projects of the Group and fulfilled the relevant granting criteria which immediately recognised as other income for the year and of approximately RMB6,982,000(2012: RMB14,905,000) were government grants recognised as deferred income utilised during the year.

6. (LOSS) PROFIT BEFORE TAX

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

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Staff costs, including directors' emoluments:		
Wages and salaries	**4,135,021**	4,185,076
Share option granted to directors and employees of a subsidiary	**7,258**	15,593
Contributions to defined benefit plan	**11,284**	13,281
Contributions to retirement benefits schemes	**214,411**	302,378
	4,367,974	4,516,328
Cost of inventories sold	**86,556,043**	89,391,435
Cost of services provided	**55,983**	58,585
Depreciation of property, plant and equipment	**1,297,695**	1,284,191
Amortisation of prepaid land lease payments (included in administrative and other operating expenses)	**32,781**	15,736
Amortisation of intangible assets	**391,171**	371,878
Acquisition related cost	**81**	27,887
Auditors' remuneration	**35,645**	29,562
Minimum lease payment under operating leases of land, buildings and machinery	**247,766**	264,810
Impairment of trade and bills receivables (included in administrative and other operating expenses)	**91,830**	209,997
Impairment of other receivables (included in administrative and other operating expenses)	**–**	960
Impairment of available-for-sale investments (included in administrative and other operating expenses)	**37,191**	25,577
Allowance for inventories (included in cost of sales)	**346,171**	150,676
Additional provision for product warranties and restructuring	**1,348,888**	1,157,314
Loss on disposal of property, plant and equipment	**–**	8,045
Loss on disposal of equity investments at FVTPL	**–**	227
Loss on disposal of available-for-sale investments	**–**	886
Net realised and unrealised losses on cross currency swaps	**26,269**	–
Fair value loss of financial assets at FVTPL	**–**	(2,676)
Net realised and unrealised loss on interest rate swaps	**–**	31,062
Fair value loss on contingent consideration payable (included in administrative and other operating expenses)	**–**	11,431
Foreign exchange difference, net	**203,658**	116,714

7. INCOME TAX EXPENSE

	2013	2012
	RMB'000	*RMB'000*
Current income tax	**450,846**	539,585
Deferred income tax expense/(credit)	**(5,827)**	(281,638)
Income tax expense	**445,019**	257,947

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profit for the year.

(b) PRC EIT

The subsidiaries established in the PRC are subject to the PRC EIT at rate of 25%. Certain of the subsidiaries of the Group are approved to be high technology enterprises and income tax is calculated at a rate of 22% of the estimated assessable profit for the year. In accordance with the relevant income tax regulations of the PRC, certain subsidiaries are entitled to exemptions from income tax for the two years commencing from their first profit-making year of operation after offsetting prior year tax losses, followed by a 50% reduction in the PRC EIT for the next three years.

(c) Overseas income tax

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. DIVIDENDS

No dividend was proposed during the year ended 31 December 2013 and 2012, or has any dividend been proposed since the end of the reporting period.

9. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the profit for the year attributable to owners of the Company of approximately for the year attributable to owners of the Company of approximately RMB73,919,000 (2012: loss for the year attributable to owners of the Company of approximately RMB160,651,000) and on the weighted average number of approximately 1,197,742,000 (2012: 1,197,742,000) ordinary shares in issue during the year.

Diluted earnings (loss) per share was the same as the basic loss per share because there were no potential dilutive ordinary shares outstanding during the two years ended 31 December 2013 and 2012.

10. TRADE AND BILLS RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade and bills receivables	**16,586,762**	16,916,913
Less: Impairment	**(411,942)**	(356,111)
	16,174,820	16,560,802

The Group's sales are on credit terms from 30 to 120 days and certain of its export sales are on letters of credit or documents against payment. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade and bills receivables, net of impairment presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	2013	2012
	RMB'000	*RMB'000*
0 to 90 days	**14,953,826**	15,678,364
91 to 180 days	**686,125**	617,448
181 to 365 days	**488,410**	177,491
Over 365 days	**46,459**	87,499
	16,174,820	16,560,802

The movements in provision for impairment of trade receivables are as follows:

	2013	2012
	RMB'000	*RMB'000*
Balance at beginning of the year	**356,111**	187,655
Impairment losses recognised on receivables	**91,830**	209,997
Amounts written off during the year as uncollectible	**(3,057)**	(8,423)
Impairment losses reversed	**(32,743)**	(32,466)
Exchange realignment	**(199)**	(652)
Balance at end of the year	**411,942**	356,111

The Group has individually assessed all receivables and provided in full for all receivables that are considered not recoverable. Impairment loss of approximately RMB91,830,000 (2012: RMB209,997,000) has been recognised during the year ended 31 December 2013 accordingly. The aged analysis of the trade and bills receivables that are not considered to be impaired is as follows:

	2013	2012
	RMB'000	*RMB'000*
Neither past due nor impaired	**13,903,127**	15,004,673
Less than one month past due	**1,950,240**	1,199,659
One to three months past due	**153,853**	133,676
Over three months past due	**167,600**	222,794
	16,174,820	16,560,802

Receivables that were neither past due nor impaired relate to independent customers for whom there was no recent history of default. Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as the debtors are leading electronics producers in the world, which have sound repayment history with no records of delays of payment, the balances are still considered fully recoverable.

11. TRADE AND BILLS PAYABLES

As at 31 December 2013 and 2012, the ageing analysis of the trade and bills payables presented based on the invoice date was as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**12,913,983**	11,529,581
91 to 180 days	**2,790,811**	3,748,461
181 to 365 days	**706,044**	973,853
Over 365 days	**82,836**	68,695
	16,493,674	16,320,590

Being Note 1 in this announcement

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor's report for the year ended 31 December 2013 has been modified but without qualification, an extract of which is as follows:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matters

Without qualifying our opinion, we draw attention to note 1[#] to the consolidated financial statements, which describes the material uncertainty in respect of a proposed privatisation, merger and deregistration of the Company which may cast significant doubt about the Company's ability to continue as a going concern.

[#] Being Note 1 in this announcement

OPERATION REVIEW FOR 2013 AND OUTLOOK FOR 2014

OPERATION REVIEW

In 2013, under the leadership of the Board, strategic planning was given full play by the Company in measures such as forcible transformation and structural adjustments. As the industry became more internationalized and market-oriented, the technological contents of the products were further increased and the complexity of the manufacturing processes was further magnified. TPV Technology Limited ("TPV") continued to maintain its leading position in its business of display monitors, and made efforts to reduce costs, enhance efficiency and consolidate the supply chain. China Electronics Great Wall Energy (Shenzhen) Co., Ltd. ("Great Wall Energy"), a wholly-owned subsidiary of China Great Wall Computer (Shenzhen) Co., Ltd. ("CGC") took proactive measures to contain risk and minimized loss brought about by the bankruptcy of Satcon Technology Corporation ("Satcon"), a downstream customer in the U.S. Great Wall Kaifa Magnetic Recording Company speeded up the restructuring of existing business, and at the same time explored additional revenue streams by introducing new business, which effectively pulled the magnetic recording business from the bottom of its business cycle. In terms of capital operation and significant investments, the Company closed and deregistered nine companies by reducing operating levels and cutting short the value chains. The directional financing by Shenzhen Kaifa Technology Co., Ltd. ("Great Wall Kaifa") and the issuance of medium-term notes by CGC achieved substantive results in the initial stage. The major construction projects of China Electronic Great Wall Building have been well in progress.

However, the market remained challenging and we are not optimistic about the television ("TV") business in the European market. During a period of transition, Philips' TV business taken over by TPV continued to record a loss despite the achievement of a substantial reduction in losses, which had a great impact on the Group's performance for the year. During the reporting period, the Group achieved a turnover of RMB92,816.20 million, down 3.2% year-on-year, and recorded a loss before tax of RMB104.90 million. Except for the TV business, the Group's core businesses such as monitors, magnetic heads, power supplies and electronics manufacturing services ("EMS"), have continued to maintain leadership position in the industry.

A. BUSINESS DEVELOPMENT

1. Monitor and TV business: monitor business remained to be the largest in the world in terms of market share, but TV business was affected by the performance of Philips' TV business and recorded a loss.

Monitor and TV business of TPV reported mixed performances in 2013. The monitor business continued to maintain global leadership, showing steady performance with improving market share globally. In contrast, TV business recorded a significant loss. The joint venture, "T.P. Vision Holding B.V. ("TP Vision"), is being restructured toward the direction of "cost reduction and enhanced efficiency", with an aim to achieve positive results in business performance.

2. EMS business: continued to remain in the seventh place among the top 10 globally.

Great Wall Kaifa's EMS business improved steadily. The rapid growth in mobile phone business effectively offset the decline in the traditional business, reflecting an overall upward trend in the business. The Huizhou plant has been put into operation, with a monthly output of 3,000,000 mobile phones, representing a year-on-year increase of 36%. There was also expansion of business into the high value-added "medical devices" manufacturing sector with higher level of technical complexity. New orders have been received from German and Australian customers. Through integration of internal resources and leveraging on its excellent, advanced manufacturing capabilities, Great Wall Kaifa established an automation equipment business division in 2013. While satisfying the demand of in-house production by providing technical and equipment support to internal departments, it also pushed forward to explore external markets with its own automation equipment products enjoying core competitive advantage, with an aim to further develop the upstream market of the advanced manufacturing industries.

3. **Power supply business: overcame technical difficulties in power supplies for super computers and successfully helped to fill the void in domestic supply.**

In 2013, Great Wall Power Supplies Factory overcame technical difficulties in relation to high efficiency and high power density, and developed 3,000W power supply for super computers, with technical indicators that helped to fill the void in domestic supply of power supplies. Substantial breakthroughs were achieved in products including power supplies for servers, communication equipment and LEDs in terms of product transformation. The power supplies for rack-mounted servers recorded a remarkable growth in sales, and it has become one of the most important suppliers of power supplies for servers in China. Sales of power supplies for communication equipment and LEDs also recorded substantial growth, establishing a certain production scale in the industry. Great Wall Power Supplies Factory was once again recognized as the "Brand of No. 1 Market Share (市場佔有率第一品牌)" in the category of power supply products in the "List of China Top IT Brands (中國IT品牌風雲榜)" for the year.

4. **Inverter business: positive results were achieved in respect of technology development and market expansion.**

The acquisition of high quality assets of Satcon has reduced the impact of Satcon's potential bankruptcy on the business growth of Great Wall Energy to the greatest extent. The operating mode of Great Wall Energy will shift from providing OEM services to single customers toward becoming an operation with combined functions of technology development, supply chain management, manufacturing, product sales, power plant construction and after-sales services. In 2013, Great Wall Energy successfully mastered a number of core PV inverter technologies, including micro PV inverter grid connection technology, SVPWM (space vector pulse width modulation) technology, power line transmission (or Bluetooth\RS485) technology, maximum power point tracking technology, anti-islanding control technology, wide temperature design and waterproof technology. In addition to the enhancement of Great Wall Energy's technical strengths, the foregoing also enabled Great Wall Energy to foster a group of professionals and technical talents. Great Wall Energy has also achieved positive progress in terms of certification.

B. CAPITAL OPERATION

1. **Issuance of RMB500 million medium-term notes by CGC**

The first batch of medium-term notes was successfully issued with principal amount of RMB500 million and coupon rate of 5.38%.

2. **Completion of non-public offer by Great Wall Kaifa**

Great Wall Kaifa issued 151,981,582 ordinary shares in RMB (A shares) upon completion of non-public offer, with net proceeds of RMB677,336,198.10 net of issuance cost.

3. Capital injection to Chitwing Mould by Great Wall Kaifa

Great Wall Kaifa made a capital injection of RMB34.67 million in aggregate, representing 10% of the total equity into Chitwing Mould Industry (Dongguan) Co., Ltd. ("Chitwing Mould"). It has received a dividend of RMB20 million from Chitwing Mould by October 2013.

4. Disposal of land assets by TPV to support main businesses

TPV entered into a property resumption agreement with Fuqing government, pursuant to which, Fuqing government agreed to acquire the land and properties located on Plot F1 owned by TPV in Fuqing at a price of RMB576 million.

C. MAJOR INVESTMENT PROJECTS AND INDUSTRY BASE CONSTRUCTION

1. LED industrial project of KFES

KFES Lighting Company Limited ("KFES") has installed 21 MOCVD machines and put them into production. The subsequent order of 9 MOCVDs will be delivered, installed and tested in the first quarter of 2014 to prepare for mass production in the second quarter of 2014. Meanwhile, 3 packaging lines for COG (candle lamp) have been completed, and 5 PLCC packaging lines for TV blacklighting products are also in the process of installation. The cooperation between KFES and BridgeLux Inc. ("BridgeLux") in the U.S. has been progressing smoothly. We saw a gradual increase in orders, and the current production lines are already running in their full capacities for BridgeLux.

2. China Electronic Great Wall Building Project

The land usage for the project located in CGC Technology Park was changed from "industrial land" to "new industrial premise plus commercial and office premise". Land premium payment for the project has been made. As at the date of this announcement, CGC has entered into a Data Licensing Agreement relating to basic geographical information of Shenzhen with Shenzhen Information Center for Urban Planning of Stated-owned Land (深圳市規劃國土房產信息中心), and was issued the mapping results including the project construction site topographic map and municipal pipeline diagrams.

3. Construction of Great Wall Kaifa's industrial base in Dongguan

Currently, the industrial land for the project has been successfully acquired, and two pieces of land for research and development have progressed to the stage of public notification. The construction of industrial base in Dongguan is now in a stage of substantive acceleration, and the benefits of maximized efficiency were starting to be seen. The general contractor for the project construction was selected through defined process in form of a tender, and Xinxing Construction Company, a state-owned enterprise, won the bid.

4. **Construction of Great Wall Kaifa's industrial base in Huizhou**

The industrial base of Great Wall Kaifa in Huizhou was completed and successfully put into operation, resulting in reduced production costs. SMT production lines officially moved into the new plant in May and commenced trial production. The first batch of trial products was put under Samsung's comprehensive and stringent examination and verification. The products passed the certification successfully, and the new facility will be officially put into operation on 4 July. The total number of employees at the moment is about 3,500 and handset production capacity has already reached 3 million per month.

5. **Investment by Great Wall Kaifa in Malaysia**

To further reinforce the strategic partnership with Seagate Technology PLC ("Seagate"), Great Wall Kaifa established a wholly-owned subsidiary in Malaysia, which, upon completion of the new plant, will receive from Seagate small orders of production for new products and mass production of PCBA (HDD board). At the same time, the plant will also obtain orders for production of enterprise level hard drive ESGPCBA. The establishment of the subsidiary in Malaysia also provides an overseas production platform for other existing businesses of Great Wall Kaifa.

D. MANAGEMENT UPGRADE

1. **Promoting strategic transformation**

In 2013, with the Board's approval of the Group's and its members' 2013 to 2015 development plans, the strategic transformation goals of the Group were further clarified.

2. **Full implementation of internal control system construction**

The construction of the Group's internal control system was put into full swing. 113 systems and 220 processes have been streamlined, 75 summarized defects were identified, and an "Internal Control Manual" was formulated. Through self-diagnosis and analysis, the Group members have convened internal exchange meetings, organized to learn from benchmarked enterprises, and vigorously implemented various improvement tasks, and achieved positive results. At present, the Group has entered the third stage of continuous improvement and conclusion.

3. **Great Wall Kaifa's "Year of Management Improvement"**

Great Wall Kaifa has determined that 2013 was its "Year of Management Improvement". Throughout the year, monthly themes to address different management improvements were held. A lot of improvement opportunities were identified during the course of benchmarking, management awareness education and compliance audits. The knowledge obtained during the improvement activities were gradually implemented through the management improvement programs. Great Wall Kaifa has also introduced new social responsibility management system certification, information security management system certification, business continuity management system (BCM) certification and product safety management system certification (ISO28000).

4. **Prevention of exchange rate risk**

In 2013, Great Wall Kaifa has taken measures to avoid the risk of the impact of fluctuations in the exchange rate of RMB against the U.S. dollars on Great Wall Kaifa's business. For the reduction of finance charges and the enhancement of capital gains, Great Wall Kaifa has continued to carry out derivative business through stringent risk control and has achieved relatively better results.

5. **Promotion of enterprise-level information construction**

After about one year of effort, Great Wall Power Supplies Factory has successfully implemented IPD (integrated product development) & PLM (product lifecycle management) projects which further raised the research and development management standard to an advanced industry-wide level. In addition, CGC and Great Wall Kaifa have commenced the business intelligence (BI) project, and Great Wall Kaifa's public platform on WeChat has been formally launched.

6. **Full achievement of the objectives of production safety and emission reduction**

In respect of production safety, the members of the Group took a number of effective measures in 2013, including identification and rectification of defects and deficiencies, follow-through of responsibility assignments, frequent training and drills, and vigorous promotion of standardized establishments for safe production. The objectives for production safety have been achieved and the tasks for emission reduction have all been completed. Great Wall Kaifa has also obtained the "standardization of production safety management system" certification during the year.

In 2013, with the efforts of all staff, the Group and its members received a number of awards and honors. In particular, Great Wall Kaifa was awarded the highest honor for Chinese enterprises – the "National May Day Labor Award Certificate (全國五一勞動獎狀)", the "Special Contribution Award" of Samsung for the third consecutive year, and the "Best Supplier Award" of ResMed for the fourth consecutive year. The "Great Wall" brand was recognized as one of the "Top 10 Leading Consumer Electronics Brands of China (中國十大消費電子領先品牌)"; CGC was awarded the honorary title of "Advanced Entity of Poverty Relief (扶貧工作先進單位)" by MIIT; Great Wall Power Supplies Factory was recognized as the "Brand of No. 1 Market Share (市場佔有率第一品牌)" of power supply products in "List of China Top IT Brands (中國IT品牌風雲榜)" for the sixth consecutive year; and CGC was awarded the "Contribution Award in Aerospace Industry of China (中國航天事業貢獻獎)", the "Best Green Technology Award for 2013 (2013最佳綠色科技獎)", the " Best Public Corporate Image Award for 2013 (2013最佳企業公眾形象獎)" and the "Outstanding Achievement Award of Brand Building (品牌建設傑出成就獎)".

OUTLOOK

Looking into 2014, the Group will actively encourage its member enterprises to accelerate industrial transformation and development. In particular, our monitors business will continue to reinforce and enhance its current position in the global market. Efforts will be made to help Philips TV business to reduce losses. For EMS business, the Group will strive to overcome the adverse effects of global economic downturn, strengthen and enhance its position in the industry. Regarding LED business, the Group will speed up the development and industrialization of epitaxies/chips and application systems so as to achieve expansion of business scale and build up the capability of steady profits. In the power supply business, the Group will focus strategically and selectively on sectors such as servers power supply, communication equipment power supply and LED power supply, and speed up the transition to the high-end market to become one of the leading suppliers of high-end power supplies in China. The inverter business will accelerate international and domestic market expansion and make extra efforts in development and innovation. The operating mode of Great Wall Energy will shift from providing OEM services to single customers toward becoming an operation with combined functions of technology development, supply chain management, manufacturing, product sales, power plant construction and after-sales services. Meanwhile, the Company will continue to take measures such as forcible transformation and structural adjustments, speeding up of technology development and industrial base construction, so as to enhance the Group's core competitiveness continuously.

FINANCIAL REVIEW

The Group recorded a turnover of RMB92,816,202,000 for the year ended 31 December 2013, representing a decrease of 3.2% as compared to the corresponding period of last year. Profit after tax attributable to the equity holders of the Company amounted to RMB73,919,000 for the year ended 31 December 2013, representing an increase of 146% as compared to the corresponding period of last year. The increase in profit was mainly due to a provision made by CGC for the impairment on assets of RMB117 million in relation to Satcon business and a provision made by Shenzhen Kaifa Magnetic Recording Co., Ltd. for the impairment of assets of RMB47 million during the last year.

Liquidity and Financial Resources

The Group was financed by a combination of its equity capital base, cash flow generated from operation and bank borrowings. As usual, bank and other liabilities were met upon their maturities in the normal course of business.

As at 31 December 2013, the Group's total cash and bank balances were RMB6,569,581,000 and the Group's total borrowings were RMB11,544,890,000. The structure of such borrowings was as follows:

(1) 10.63% and 77.75% were denominated in Renminbi and U.S. dollars respectively; and

(2) 10.87% was made on fixed interest rates.

Segment Information

Detailed segment information in respect of the Group's turnover and contribution to profit from operations for the year ended 31 December 2013 as well as other information by business segment and geographical segment is shown in note 3 to the consolidated financial statements.

Gearing Ratio

As at 31 December 2013, the Group's total borrowings and shareholder's equity were RMB11,544,890,000 and RMB4,458,047,000 respectively, as compared to RMB8,462,139,000 and RMB4,321,709,000 respectively as at 31 December 2012.

As at 31 December 2013, the gearing ratio was 258.97%, and the gearing ratio as at 31 December 2012 was 195.81%. The gearing ratio was defined as the ratio between total borrowings and shareholder's equity.

Current Ratio and Working Capital

As at 31 December 2013, the Group's current assets and current liabilities amounted to RMB40,470,780,000 (31 December 2012: RMB39,949,187,000) and RMB35,494,486,000 (31 December 2012: RMB33,375,398,000) respectively, and the Group's working capital was RMB4,976,294,000 (31 December 2012: RMB6,573,789,000) while the current ratio was 1.14 (31 December 2012: 1.20).

Charges on Group Assets

As at 31 December 2013, certain of the Group's term deposits with a carrying value of approximately RMB4,157,430,000 (31 December 2012: RMB3,116,683,000) were pledged to banks to secure general banking facilities and performance bond for the Group.

BUSINESS RISKS AND RISK MANAGEMENT POLICIES

Foreign Exchange Rate Risk

It is likely that Renminbi will appreciate for some time from now on and the fluctuation in the exchange rate of RMB has a relatively large impact on the exports of the Group, thus the Group faces relatively large pressure in terms of appreciation of RMB.

The Group maintains sound and healthy financial policies aiming at maintaining normal production and operation and adopts forward currency settlement and sales measures to lock in a foreign currency exchange rate so as to avoid risks in exchange rate fluctuation and to reduce exchange loss.

Guarantee for independent third party

As at 31 December 2013, the Group provided guarantees of approximately RMB61,540,000 (2012: RMB59,459,000) to third parties in respect of bank facilities granted to third parties.

As at 31 December 2013, certain of the Group's leasehold land and buildings with a carrying value of approximately RMB108,933,000 were pledged to secure bank loans from a fellow subsidiary of the Company.

Guarantee for associated companies

As at 31 December 2013, no guarantee was provided by the Group (2012: Nil) in respect of bank facilities granted to associated companies.

Loans to associated companies

As at 31 December 2013, loans to associated companies of approximately RMB76,326,000 (2012: RMB76,326,000) are unsecured, non-interest bearing and is repayable after 12 months from the balance sheet date.

EMPLOYEES

As at 31 December 2013, the number of employees of the Group was approximately 59,000. The remuneration of the employees was determined according to industry practices, rank in and contribution to the respective company of any individual employee with reference to the remuneration and incentive system of the respective company.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company attaches great importance to the excellence, soundness and reasonableness of its corporate governance structure.

For the year under review, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The Board and management of the Company will continue to make every effort to comply with the CG Code in order to protect and enhance the benefits of shareholders. Following the sustained development and growth of the Company, we will continue to review and improve the Company's governance policies in order to ensure that such policies meet the general rules and standards required by the shareholders and under the Listing Rules.

In accordance with relevant laws and regulations, the Company has established management systems comprising general meeting, the Board, Board committees, supervisory committee and management, which were characterized by clear division of work and responsibility to achieve cross-monitoring. In practice, the Company has been perfecting its corporate governance structure, regulating itself and strengthening information disclosure.

AUDIT COMMITTEE

The Company has set up an audit committee, comprising three independent non-executive directors, namely Mr. Yao Xiaocong (Chairman), Mr. James Kong Tin Wong and Mr. Zeng Zhijie, with written terms of reference in compliance with the code provisions as set out in Appendix 14 of the Listing Rules (as amended from time to time). The principal duties of the audit committee include the review of the Group's financial information and the relationship with the external auditor of the Company. The consolidated financial statements for the year ended 31 December 2013 have been reviewed by the audit committee.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as a code of conduct to regulate securities transactions of the directors and supervisors of the Company.

All directors and supervisors of the Company have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code throughout the year ended 31 December 2013.

ANNUAL GENERAL MEETING

The annual general meeting of the shareholders of the Company will be held in June 2014. The notice of the annual general meeting will be published and dispatched to the shareholders in due course.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

PROPOSED GENERAL OFFER AND PRIVATIZATION

On 16 December 2013, the Company jointly announced (the "Announcement") with CEC and China Great Wall Computer Group Company ("Great Wall Group") in relation to the voluntary conditional offer by CEC and Great Wall Group for all of the Company's issued H Shares (the "Offer") and the entering into of the Merger Agreement by CEC, Great Wall Group and the Company (the "Merger"). The Offer and Merger are subject to the fulfilment or waiver, as applicable, of a number of conditions as set out in the Announcement, including but not limited to the approval of the voluntary withdrawal of the listing of the Company's H Shares on The Stock Exchange of Hong Kong Limited by the independent shareholders of the Company. The Company will keep the shareholders updated on on-going developments.

By Order of the Board
Liu Liehong
Chairman

Shenzhen, China, 28 March 2014

As at the date of this announcement, the Board comprises six executive directors, namely Liu Liehong, Tam Man Chi, Yang Jun, Du Heping, Fu Qiang and Xu Haihe; and three independent non-executive directors, namely Yao Xiaocong, James Kong Tin Wong and Zeng Zhijie.