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TCL

China Display Optoelectronics Technology Holdings Limited
華顯光電技術控股有限公司

(formerly known as 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 YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS
Results

	Year ended 31 December 2016 *RMB'000*	Eighteen months ended 31 December 2015 *RMB'000*	**Change**	Twelve months ended 31 December 2015# *RMB'000*	**Change**
Revenue	**3,678,153**	3,688,161	**-0.3%**	2,242,822	**+64.0%**
Gross profit	**205,523**	289,616	**-29.0%**	139,603	**+47.2%**
Profit for the year/period before deducting listing expense	**91,110**	168,560	**-45.9%**	72,615	**+25.5%**
Profit/(loss) for the year/period	**91,110**	26,409*	**+245.0%**	(69,536)*	**N/A**
Profit/(loss) attributable to owners of the parent	**91,110**	26,409*	**+245.0%**	(69,536)*	**N/A**
Basic earnings/(loss) per share *(RMB cents)*	**4.89**	3.37*	**+45.1%**	(7.87)*	**N/A**
Full year dividend per share *(HK cents)*					
– Proposed final dividend per share *(HK cents)*	**2.00**	–	**N/A**	–	**N/A**

* Included an one-off listing expense of approximately RMB142 million incurred as a result of the reverse takeover of the entire interest in TCL Display Technology (Huizhou) Co., Ltd. ("TCL Display") by the Company on 17 April 2015 which was deemed as new listing.

In 2015, the Company changed its financial year-end date from 30 June to 31 December. Accordingly, the corresponding comparative amounts presented in the consolidated financial statements for the year ended 31 December 2016 covered a eighteen-month period from 1 July 2014 to 31 December 2015 and therefore may not be comparable with amounts shown for the current year. In order to make a better comparison of the Company's business performance and results for the year ended 31 December 2016 to the Shareholders and/or investors, this results announcement has included major financial information for the twelve months ended 31 December 2015 on voluntary basis. For more details about the change of financial year-end date, please refer to note 1 to this results announcement.

The board of directors (the "Board") of China Display Optoelectronics Technology Holdings Limited (formerly known as TCL Display Technology Holdings Limited, the "Company") is pleased to announce the consolidated results and financial position of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016 with the corresponding comparative figures for the eighteen months ended 31 December 2015 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Notes	**Year ended 31 December 2016** ***RMB'000***	Period ended 31 December 2015 *RMB'000*
REVENUE	5	**3,678,153**	3,688,161
Cost of sales		**(3,472,630)**	(3,398,545)
Gross profit		**205,523**	289,616
Other income and gains	5	**51,971**	59,351
Selling and distribution expenses		**(36,267)**	(53,724)
Administrative expenses		**(73,907)**	(83,770)
Listing expense		**–**	(142,151)
Other expenses		**(4,596)**	(662)
Finance costs	7	**(20,239)**	(9,939)
PROFIT BEFORE TAX	6	**122,485**	58,721
Income tax expense	8	**(31,375)**	(32,312)
PROFIT FOR THE YEAR/PERIOD		**91,110**	26,409
Attributable to:			
Owners of the parent		**91,110**	26,409
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		**RMB4.89 cents**	RMB3.37 cents
Diluted		**RMB4.89 cents**	RMB2.70 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Year ended 31 December 2016 *RMB'000*	Period ended 31 December 2015 *RMB'000*
PROFIT FOR THE YEAR/PERIOD	**91,110**	26,409
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**906**	(4,633)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**906**	(4,633)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	**906**	(4,633)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	**92,016**	21,776
Attributable to:		
Owners of the parent	**92,016**	21,776

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2016 RMB'000	31 December 2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**193,281**	164,171
Intangible assets		**67**	78
Deposits paid for purchase of items of property, plant and equipment		**43,279**	10,345
Deferred tax assets		**17,564**	18,477
Total non-current assets		**254,191**	193,071
CURRENT ASSETS			
Inventories		**367,086**	158,213
Trade and bills receivables	11	**990,452**	597,538
Prepayments, deposits and other receivables		**44,344**	98,663
Cash and cash equivalents		**464,889**	286,605
Total current assets		**1,866,771**	1,141,019
CURRENT LIABILITIES			
Trade and bills payables	12	**1,319,937**	810,176
Other payables and accruals		**192,363**	173,944
Interest-bearing bank borrowings	13	**120,000**	137,185
Tax payable		**52,186**	35,795
Total current liabilities		**1,684,486**	1,157,100
NET CURRENT ASSETS/(LIABILITIES)		**182,285**	(16,081)
TOTAL ASSETS LESS CURRENT LIABILITIES		**436,476**	176,990

	Notes	**31 December 2016** *RMB'000*	31 December 2015 *RMB'000*
NON-CURRENT LIABILITIES			
Deferred income		**5,740**	13,405
Bonds payable		**62,608**	58,646
Total non-current liabilities		**68,348**	72,051
Net assets		**368,128**	104,939
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	**165,065**	138,561
Reserves		**203,063**	(33,622)
Total equity		**368,128**	104,939

Notes:

1. BASIS OF PREPARATION

These 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 disclosure requirements of 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.

Change of financial year-end date

In 2015, the Group acquired the entire equity interest in TCL Display, which constituted a reverse takeover transaction (the "Reverse Takeover Transaction"). The Company then changed its financial year-end date from 30 June to 31 December to align with the financial year end date of TCL Display which is established in the PRC. Accordingly, the corresponding comparative amounts presented in the consolidated financial statements for the year ended 31 December 2016 shown for the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes covered a eighteen-month period from 1 July 2014 to 31 December 2015 and therefore may not be comparable with amounts shown for the current year.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

The board of directors ("Board") has approved and further amended a Share Award Scheme (the "Share Award Scheme") to provide incentives to employees. Pursuant to the rules of the Share Award Scheme, the Group has set up the Share Award Scheme Trust for the purpose of administering the Share Award Scheme and holding the awarded shares before they vest. As the Group has the power to govern the financial and operating policies of the Share Award Scheme Trust and derives benefits from the contributions of employees who have been awarded the awarded shares through their continued relationship with the Group, the Group is required to consolidate the Share Award Scheme Trust under HKFRS 10 *Consolidated Financial Statements*.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and certain amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

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

    (i) the materiality requirements in HKAS 1;

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

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

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

    Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) *Annual Improvements to HKFRSs 2012-2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

    • HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations:* Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments have had no impact on the Group as the Group did not have any non-current assets or disposal group held for sale during the year.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017

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

3 Effective for annual periods beginning on or after 1 January 2019

4 No mandatory effective date determined but available for adoption

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

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. During 2016, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of HKFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of HKFRS 9.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently accessing the impact of HKFRS 15 upon adoption.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease,* HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

4. SEGMENT INFORMATION

For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment being the display products segment which principally engages in the manufacture and sale of LCD module products.

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

Geographical information

(a) Revenue from external customers

	Year ended 31 December 2016 *RMB'000*	Period ended 31 December 2015 *RMB'000*
Mainland China*	**2,282,274**	1,708,141
Other countries/areas	**1,395,879**	1,980,020
	3,678,153	3,688,161

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 RMB1,063,445,000 during the year ended 31 December 2016 (period ended 31 December 2015: RMB1,872,107,000) was derived from sales to fellow subsidiaries.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold after allowances for returns and trade discounts.

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

	Year ended 31 December 2016 *RMB'000*	Period ended 31 December 2015 *RMB'000*
Revenue		
Sale of goods	**3,678,153**	3,688,161
Other income and gains		
Bank interest income	**4,517**	2,555
Subsidy income*	**4,798**	12,745
Exchange gains, net	**–**	3,853
Gain on disposal of raw materials, samples and scraps	**26,669**	11,153
Gain on a litigation compensation	**15,987**	28,624
Others	**–**	421
	51,971	59,351

* Subsidy income represented various government grants received by the Group in Mainland China. In the opinion of management, there are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	Year ended 31 December 2016 *RMB'000*	Period ended 31 December 2015 *RMB'000*
Cost of inventories sold	**3,255,885**	3,116,260
Depreciation	**44,430**	58,011
Amortisation of intangible assets	**59**	81
Auditor's remuneration	**1,183**	1,122
Research and development costs:^		
Current year/period expenditures	**19,741**	28,672
Minimum lease payments under operating leases	**6,469**	9,604
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**169,482**	203,734
Equity-settled share option expense	**12,604**	–
Equity-settled share award expense	**24,886**	–
Pension scheme contributions*	**29,399**	38,643
	236,371	242,377
Exchange losses/(gains), net	**6,991**	(3,853)
Write-back of inventory provision**	**(4,766)**	–
Write-down of inventories to net realisable value**	**–**	11,445
Loss on disposal of property, plant and equipment	**155**	785
Listing expense	**–**	142,151

* As at 31 December 2016, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (31 December 2015: Nil).

** Write-back of inventory provision and write-down of inventories to net realisable value are included in "Cost of sales" in the consolidated statement of profit or loss.

^ Research and development costs are included in "Administrative expenses" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2016 *RMB'000*	Period ended 31 December 2015 *RMB'000*
Interest on bank loans and bonds	**7,992**	4,532
Interest on discounted bills	**12,247**	5,407
	20,239	9,939

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (period ended 31 December 2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 December 2016 *RMB'000*	Period ended 31 December 2015 *RMB'000*
Current		
Charge for the year		
Hong Kong	**1,215**	–
Mainland China	**29,247**	44,254
Deferred	**913**	(11,942)
Total tax charge for the year	**31,375**	32,312

9. DIVIDENDS

	Year ended 31 December 2016 *RMB'000*	Period ended 31 December 2015 *RMB'000*
Dividends recognised as distribution	**–**	118,163
Proposed final dividend – 2.00 HK cents per ordinary share	**36,337**	–
	36,337	118,163

The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share amount for the year ended 31 December 2016 is based on the profit for the year attributable to equity holders of the Company of RMB91,110,000 (Period ended 31 December 2015: RMB26,409,000), and the weighted average number of ordinary shares in issue less shares held under the share award scheme during the year of 1,862,111,949 (Period ended 31 December 2015: 784,544,431).

The calculation of the diluted earnings per share amount for the year ended 31 December 2016 is based on the profit for the year attributable to equity holders of the Company of RMB91,110,000 as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue less shares held under the share award scheme during the year of 1,862,111,949, as used in the basic earnings per share calculation, and the weighted average of 1,390,318 ordinary shares assumed to have been issued at no consideration on the deemed exercise of dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic and diluted earnings per share amount presented for the year ended 31 December 2015 as the share option scheme and the share award scheme had been adopted during the year.

	Year ended 31 December 2016 *RMB'000*	Period ended 31 December 2015 *RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**91,110**	26,409

	Number of shares	
	Year ended 31 December 2016	Period ended 31 December 2015
Shares		
Weighted average number of ordinary shares in issue during the year/period used in the basic earnings per share calculation	**1,862,111,949**	784,544,431
Effect of dilution – weighted average number of ordinary shares:		
Awarded shares	**1,390,318**	–
Convertible bonds	**–**	193,114,753
	1,863,502,267	977,659,184

11. TRADE AND BILLS RECEIVABLES

	31 December 2016	31 December 2015
	RMB'000	*RMB'000*
Trade receivables	**745,437**	426,049
Bills receivable	**245,015**	171,489
	990,452	597,538

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is normally required. The credit period is generally 30 to 90 days, depending on the size and credibility of the customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	31 December 2016 *RMB'000*	31 December 2015 *RMB'000*
Within 1 month	**584,818**	419,069
1 to 2 months	**253,404**	132,054
2 to 3 months	**96,000**	32,762
Over 3 months	**56,230**	13,653
	990,452	597,538

12. TRADE AND BILLS PAYABLES

	31 December 2016 *RMB'000*	31 December 2015 *RMB'000*
Trade payables	**1,319,937**	674,922
Bills payable	**–**	135,254
	1,319,937	810,176

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

	31 December 2016 *RMB'000*	31 December 2015 *RMB'000*
Within 30 days	**689,926**	280,748
31 to 60 days	**453,662**	201,932
61 to 90 days	**145,233**	152,132
Over 90 days	**31,116**	175,364
	1,319,937	810,176

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 120 days.

13. INTEREST-BEARING BANK BORROWINGS

	31 December 2016			31 December 2015		
	Effective interest rate *(%)*	**Maturity**	***RMB'000***	Effective interest rate *(%)*	Maturity	*RMB'000*
Current						
Bank loans – secured	**–**	**–**	**–**	0.95	2016	26,794
Collateralised bank advances – secured	**3.10 – 3.80**	**2017**	**120,000**	0.79 – 0.92	2016	110,391
			120,000			137,185
Repayable:						
Within one year			**120,000**			137,185

Notes:

(a) The Group had banking facilities of RMB2,530,000,000 (31 December 2015: RMB1,220,000,000), of which RMB1,035,222,000 (31 December 2015: RMB272,437,000) had been utilised as at the end of the reporting period.

(b) The Group's interest-bearing bank borrowings are secured by trade receivables of RMB147,662,000 (31 December 2015: RMB137,989,000).

In addition, the Company's ultimate holding company has guaranteed certain of the Group's interest-bearing bank borrowings up to RMB120,000,000 (31 December 2015: RMB137,185,000) as at the end of the year.

(c) The Group's interest-bearing borrowings loans are denominated in RMB (31 December 2015: US$).

14. SHARE CAPITAL

	31 December 2016	31 December 2015
Authorised:		
4,000,000,000 (31 December 2015: 4,000,000,000) ordinary shares of HK$0.10 each (HK$'000)	**400,000**	400,000
Issued and fully paid:		
2,031,368,800 (31 December 2015: 1,721,499,806) ordinary shares (HK$'000)	**203,137**	172,150
Equivalent to RMB'000	**165,065**	138,561

	Number of shares in issue	**Share capital** *RMB'000*	**Share premium account** *RMB'000*
At 1 January 2016	**1,721,499,806**	138,561	109,572
Issue of shares	**258,224,000**	22,071	114,766
Share issue expenses	**–**	–	(3,154)
Issue of new shares under Share Award Scheme*	**51,644,994**	4,433	–
Release of vested Awarded Shares	**–**	–	15,574
At 31 December 2016	**2,031,368,800**	165,065	236,758

* During the year, under the Share Award Scheme, 51,644,994 ordinary shares of HK$0.10 each were issued at no consideration.

On 16 June 2016, 258,224,000 shares were placed to certain independent third parties at a placing price of HK$0.62 per share (the "Placing"). As a result of the Placing, 258,224,000 additional ordinary shares of HK$0.10 each were issued and the net proceeds of RMB133,683,000, after deduction of the related expenses of RMB3,154,000, were received during the year.

INDUSTRY REVIEW

In 2016, the global economy has not yet recovered. It was clouded by the uncertainties arising from the varying political landscape in Europe and the U.S., and the continuing adjustment of monetary policies in multiple countries. In the meantime, the ongoing rebalancing of China's economy created additional unstable factors in the market. The latest statistical report published by Trendforce, a market researcher, showed a slower growth in global sales of smartphones and tablets during 2016, with global shipments of smartphones and tablets for the year of approximately 1.4 billion units and 160 million units respectively, representing an increase of approximately 4.7% and a decrease of 6.6% when compared to 2015, respectively. On the other hand, driven by the greater desire for advanced display and touch functions of handheld mobile device products from consumers, demand for high-end display modules raised gradually. Adoption of LTPS LCD module products as well as in-cell LCD and on-cell LCD module products was increasing. The Group seized the opportunities arising from the intricate and changing environment. For the twelve months ended 31 December 2016 (the "Review Period"), the Group reported a total sales volume of LCD module products reaching approximately 74.5 million units, representing a decrease 16.4% when compared to the eighteen months ended 31 December 2015 (the "Comparative Period") but a growth of 27.7% over the same period last year. During the Review Period, the Group realised a revenue of approximately RMB3.68 billion, down by 0.3% over the Comparative Period but 64.0% higher over the same period last year.

BUSINESS REVIEW

In the first half of 2016, as some display panel suppliers scaled down their production lines, and an earthquake in Taiwan destroyed production lines of some panel suppliers, the market experienced a decline in supply of LCD display panels, which in turn triggered an escalation of panel prices. As a result, gross profit margin of LCD module products has once dropped during the period. As a result of the Group's continued efforts to optimise product mix and adjust the selling price of products, the Group reported a gross profit of approximately RMB206 million for the Review Period, down by 29.0% over the Comparative Period but increased by 47.2% over the same period last year. Gross profit margin reached 5.6%. Moreover, the Group managed to make a turnaround from loss to net profit of approximately RMB91.1 million as compared to the same period last year. The positive turnaround was primarily due to (i) the absence of the one-off listing expense incurred during the twelve months ended 31 December 2015; (ii) the increase in average selling price driven by the improved product mix; and (iii) the growth of sales volume.

Products

Distribution and period-on-period comparison of revenue by product segment:

	Twelve months ended 31 December 2016		Eighteen months ended 31 December 2015		Change	Twelve months ended 31 December 2015		Change
	RMB'000	%	*RMB'000*	%	%	*RMB'000*	%	%
TFT LCD module								
Non-laminated modules	**1,330,849**	**36.2**	2,379,906	64.5	-44.1	1,337,284	59.6	-0.5
Laminated modules	**2,347,304**	**63.8**	1,308,255	35.5	+79.4	905,538	40.4	+159.2
Total	**3,678,153**	**100.0**	3,688,161	100.0	-0.3	2,242,822	100.0	+64.0

Distribution and period-on-period comparison of sales volume by product segment:

	Twelve months ended 31 December 2016		Eighteen months ended 31 December 2015		Change	Twelve months ended 31 December 2015		Change
	'000 units	%	*'000 units*	%	%	*'000 units*	%	%
TFT LCD module								
Non-laminated modules	**45,390**	**60.9**	75,316	84.5	-39.7	47,372	81.2	-4.2
Laminated modules	**29,126**	**39.1**	13,785	15.5	+111.3	10,987	18.8	+165.1
Total	**74,516**	**100.0**	89,101	100.0	-16.4	58,359	100.0	+27.7

The Group continued its effort to improve its product mix and enhance its core competitiveness. Since the commencement of mass production in the first quarter of 2015, on-cell LCD module products produced by the Group have gradually been recognised by major customers. Besides, the Group has succeeded in developing in-cell LCD module products, and delivered the first shipment in June 2016, which helped boost the growth of laminated LCD module sales. During the Review Period, revenue and sales volume of the Group's laminated LCD modules accounted for approximately RMB2.35 billion and approximately 29.1 million units respectively, representing a significant increase of 79.4% and 111.3% over the Comparative Period and a significant increase of 159.2% and 165.1% over the same period last year respectively. Its revenue contribution also increased to 63.8% from 35.5% in the Comparative Period and 40.4% in the same period last year. Revenue and sales volume of non-laminated LCD module products was approximately RMB1.33 billion and approximately 45.4 million units respectively, representing a decrease of 44.1% and 39.7% over the Comparative Period and down by 0.5% and 4.2% over the same period last year respectively. The decrease was due to the Group's adjustment of its product mix to focus on laminated LCD module products which generally have a higher unit selling price.

During the Review Period, the Group initiated strategic collaboration with an associate of the Company's ultimate controlling shareholder TCL Corporation, Wuhan China Star Optoelectronics Technology Co., Ltd. ("Wuhan CSOT"). In June 2016, the Group successfully raised net proceeds of approximately HK$157 million by placing 258,224,000 new shares at a placing price of HK$0.62 per share. HK$150 million of the net proceeds will be applied towards the capital injection in Wuhan China Display Optoelectronics Technology Company Limited ("Wuhan CDOT") with Wuhan CSOT, as funding for the expansion of Wuhan CDOT's automated production lines of LTPS LCD modules. It is also beneficial to the Company by strengthening its financial position, broadening its shareholder base and injecting fresh momentum into its future business development.

Wuhan CSOT formally launched the 6th generation production lines of LTPS display panel under the Project t3 in February 2016, and has supplied to the Group in small batches of LTPS display panels which are required for LTPS LCD module production since the second quarter of 2016. The more stable supply of upstream LCD panels provides an advantage for the Group to withstand the risks of tight supply and price escalation in the future. The Group expects that the supply of LTPS display panels by Wuhan CSOT will be increased progressively in 2017, which will help the Group to further capture the market share of high-end products.

Distribution and period-on-period comparison of revenue by geographical segment:

	Twelve months ended 31 December 2016		Eighteen months ended 31 December 2015		Change	Twelve months ended 31 December 2015		Change
	RMB'000	***%***	*RMB'000*	*%*	*%*	*RMB'000*	*%*	*%*
Hong Kong	**1,020,663**	**27.7**	1,884,248	51.1	-45.8	1,063,644	47.4	-4.0
China	**2,282,274**	**62.1**	1,708,141	46.3	+33.6	1,107,227	49.4	+106.1
South Korea	**375,216**	**10.2**	95,772	2.6	+291.8	71,951	3.2	+421.5
Total	**3,678,153**	**100.0**	3,688,161	100.0	-0.3	2,242,822	100.0	+64.0

The Group develops and supplies LCD modules mainly for several reputable international and domestic mobile phone manufacturers on an ODM (original design manufacturer) basis. China and Hong Kong have been the major markets for the Group. During the Review Period, revenue derived from China and Hong Kong was approximately RMB2.28 billion and approximately RMB1.02 billion, respectively. Both markets, in aggregate, contributed 89.8% to the Group's total revenue, in which revenue derived from China rose by 33.6% over the Comparative Period and by 106.1% over the same period last year. During the Review Period, the Group achieved a breakthrough in the development of the South Korean market as fueled by the sales to LG, a globally renowned South Korean consumer electronics brand. Revenue derived from South Korea grew sharply to approximately RMB375 million from approximately RMB95.8 million for the Comparative Period, and from RMB72.0 million over the same period last year.

CHANGE OF COMPANY NAME

The forming of Wuhan CDOT by the Group with Wuhan CSOT signifies the Group's close business ties with its upstream panel enterprise, and helps the Group to further expand its customer base. Thus, in January 2017, the Company officially changed its name from "TCL Display Technology Holdings Limited" to "China Display Optoelectronics Technology Holdings Limited" and has adopted a new Chinese name "華顯光電技術控股有限公司" as its secondary name in place of the previous secondary name "TCL顯示科技控股有限公司". The Company's stock short names for trading in the shares of the Company have also changed from "TCL DISPLAY" and "TCL顯示" to "CH DISPLAY OPT" and "華顯光電". The stock code of the Company remains "334". The Board considers that the change of company name can better showcase the advantages brought about by Wuhan CDOT to the Group and more accurately reflect its business nature. It also establishes fresh corporate image for the Group.

OUTLOOK

In light of the uncertain global economic outlook, 2017 is set to be a year with both challenges and opportunities. WitsView (an optoelectronics research arm under TrendForce, a market researcher) predicts, in its latest published report, that the proportion of in-cell touch panels in the overall smartphone market in 2017 will rise to 29.6%, which is attributable to the accelerated introduction by panel manufacturers. Also, the proportion of on-cell touch panels in the overall smartphone market will increase to 26% in 2017. To take an early advantage, the Group has devoted resources in the research and development of new products and technologies for improving the quality of its product mix. Together with Wuhan CDOT, now a joint venture between the Group and Wuhan CSOT, the Group will be able to grasp opportunities to be brought by the development of LTPS LCD module and in-cell/on-cell module markets more effectively.

The production plant of Wuhan CDOT will be set up in the proximity of the Wuhan CSOT's LTPS display panel production plant under the Project t3. It will mainly operate the automated production lines of LTPS LCD modules, with an annual productivity of approximately 50 million units of laminated LCD modules for mobile phones. Before the commencement of mass production in the second half of 2017, the production volume is expected to incrementally increase throughout the first half of 2017. Given that the unit selling price of LTPS LCD modules is generally higher, the Group would thus enjoy a higher average selling price for its products in 2017. Being an enterprise forming the sole vertically integrated supply chain in the PRC with the display panel enterprise, the Group expects to leverage on the customer network of Wuhan CSOT to build a stronger customer base for additional orders. As such, the Group will be able to maintain steady business growth amid industry consolidation. The management strongly believes that Wuhan CDOT provides the Group with a prime opportunity to reduce the costs and expenses of purchasing LTPS display panels, such as logistics and agency fees. Meanwhile, Wuhan CSOT's resources and expertise in the production of LTPS display panels would allow the Group to better capture the potentials in high-end market, stimulate business growth and enlarge the Group's market share in the industry.

Looking ahead, the Group will continue to deploy resources in the research and development of display modules and product mix optimisation. The Group forecasts a continuous growth in the sales of laminated LCD module products and LTPS LCD module products in 2017. Furthermore, the Group will strive to broaden its customer base by identifying potential top-notch brand customers. The Group will also further promote sales of high-end products, thereby generating higher profitability and value for the Group and its shareholders.

FINANCIAL REVIEW

Results

During the Review Period, the Group realised a revenue of approximately RMB3.68 billion, down by 0.3% over the Comparative Period but 64.0% higher over the same period last year.

The gross profit margin of the Group was 5.6%, representing a decrease of 2.3 percentage points over the Comparative Period and 0.6 percentage point over the same period last year, respectively.

For the year ended 31 December 2016, the Group recorded a profit attributable to owners of the parent amounting to approximately RMB91.1 million against profit of approximately RMB26.4 million for the eighteen months ended 31 December 2015. Basic earnings per share was RMB4.89 cents, as compared to RMB3.37 cents for the eighteen months ended 31 December 2015.

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 balance as at 31 December 2016 amounted to approximately RMB465 million, of which 64.3% was in US dollar, 18.0% was in RMB, 17.3% was in HK dollar and 0.4% was in Japanese Yen. As at 31 December 2016, the Group's interest-bearing bank loans were approximately RMB120 million. As at 31 December 2016, total equity attributable to owners of the parent was approximately RMB368 million (31 December 2015: RMB105 million), and the gearing ratio was 8.6% (31 December 2015: 14.7%). The gearing ratio is calculated based on the Group's total interest-bearing loans (including bank borrowings and bonds payable) divided by total assets.

Pledge of Assets

There was no pledge of assets by the Group as at 31 December 2016.

Capital commitments and contingent liabilities

	31 December 2016 *RMB'000*	31 December 2015 *RMB'000*
Contracted, but not provided for:		
Plant and machinery	**67,064**	17,594

As at 31 December 2016, the Group had no significant contingent liabilities (31 December 2015: nil).

Pending Litigation

The Group had not been involved in any material litigation for the year ended 31 December 2016.

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 is committed to striking a balance among trades, assets and liabilities that are denominated in foreign currencies to achieve a natural hedging effect. In addition, pursuant to 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 31 December 2016, the Group had a total of 3,018 employees. During the Review Period, the total staff costs amounted to approximately RMB236 million. The Group has reviewed the remuneration policy by reference to the existing legislations, market conditions, as well as the performances of employees 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.

FINAL DIVIDEND

The Board has proposed a final dividend, for the year ended 31 December 2016, of 2.00 HK cents (2015: nil) in cash per share. Subject to approval at the forthcoming annual general meeting, the said final dividend will be payable on or about 13 July 2017, Thursday to shareholders whose names appear on the register of members of the Company on 3 July 2017, Monday.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the entitlements of the shareholders of the Company to attend and vote at the AGM, the deadline for share registration will be 15 June 2017, Thursday and the register of members of the Company will be closed from 16 June 2017, Friday to 22 June 2017, Thursday (both dates inclusive). No transfer of the shares may be registered during the said period. In order to qualify to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 15 June 2017, Thursday.

The register of members of the Company will be closed from 28 June 2017, Wednesday to 3 July 2017, Monday (both dates inclusive), for the purpose of determining the entitlements of the shareholders of the Company to the proposed final dividend upon passing of relevant resolution. No transfer of shares may be registered during the said period. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 27 June 2017, Tuesday.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 22 June 2017, Thursday. The notice of annual general meeting will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited and despatched to the shareholders of the Company in due course.

CORPORATE GOVERNANCE

During the year ended 31 December 2016, the Company has complied with the Code Provisions of the CG Code as set out in Appendix 14 to the Listing Rules except for the following deviations:

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

Due to other pre-arranged commitments which must be attended to by each of them:

1. Mr. LI Yang, being an independent non-executive Director, was not able to attend the annual general meeting and special general meeting of the Company which were both held on 11 May 2016; and

2. Ms. HSU Wai Man, Helen, Mr. XU Yan and Mr. LI Yang, being independent non-executive Directors, were not able to attend the special general meeting of the Company held on 16 June 2016

3. Mr. YUAN Bing, being a non-executive Director, was not able to attend the special general meeting of the Company held on 16 June 2016 and 30 December 2016.

However, (i) Mr. YUAN Bing being a non-executive director of the Company and Ms. HSU Wai Man and Mr. XU Yan both being independent non-executive directors of the Company, were present at the aforesaid special general meeting of the Company on 11 May 2016; (ii) Ms. HSU Wai Man, Mr. XU Yan and Mr. LI Yang all being independent non-executive directors of the Company, were present at the aforesaid special general meeting of the Company on 30 December 2016; and (iii) representative of Reorient Financial Markets Limited, the independent financial advisor of the Company, was present at the aforesaid special general meeting of the Company on 11 May 2016, and (iv) representative of Beijing Securities Limited, the independent financial advisor of the Company, were present at the aforesaid special general meeting of the Company on 16 June 2016 and 30 December 2016 to ensure an effective communication with the shareholders thereat.

Under Code Provision E.1.2, the chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.

Due to other pre-arranged commitments which must be attended to by him, Mr. XU Yan, being the chairman of the independent board committee, was not able to attend the special general meeting of the Company held on 16 June 2016 at which certain continuing connected transactions were approved. However, representative of Beijing Securities Limited, the independent financial adviser of the Company, was present at the said special general meeting to answer questions raised by the shareholders thereat.

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

The company secretary of the Company, Ms. CHOY Fung yee ("Ms. CHOY"), is a partner of the Company's legal advisor, Cheung Tong & Rosa Solicitors. The Company has assigned Ms. Clara SIU, the Vice Director of Finance and Investor Relations of the Company and Mr. PENG Bo, the Legal Manger of the Company, as the contact persons 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 persons 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 is aware of any information which would reasonably indicate that the Company had not, throughout the year ended 31 December 2016, fully complied with the code provisions set out in the CG Code.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2016, 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.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit of loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Board has adopted a code of conduct regarding directors' securities transactions on the same terms 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). Having made specific enquiry with all Directors, the Directors confirmed that they have complied with the standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the year ended 31 December 2016.

On behalf of the Board
LIAO Qian
Chairman

Hong Kong, 21 March 2017

As at the date of this announcement, the Board comprises Mr. LIAO Qian as Chairman and non-executive Director; Mr. LI Jian, Mr. OUYANG Hongping, Ms. YANG Yunfang and Mr. ZHAO Yong as executive Directors; and Ms. HSU Wai Man Helen, Mr. XU Yan and Mr. LI Yang as independent non-executive Directors.