TCL ELECTRONICS HOLDINGS LIMITED
TCL 電 子 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01070)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the "Board") of directors ("Directors" and each a "Director") of TCL Electronics Holdings Limited (the "Company" or "TCL Electronics") 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 2020 with comparative figures for the corresponding periods of the preceding financial year.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2020	2019	
	HK$ Million	*HK$ Million* *(restated)*	Change
CONTINUING OPERATIONS			
Revenue	**50,953**	36,335	40.2%
Gross profit	**9,662**	7,443	29.8%
Profit for the year from continuing operations	**1,893**	1,871	1.2%
Profit for the year from continuing operations after deducting one-off non-operating items	**1,093**	883	23.8%
Profit attributable to owners of the parent			
– For the year (including discontinued operations)*	**3,599**	2,283	57.6%
– From continuing operations	**1,847**	1,826	1.2%
Profit attributable to owners of the parent after deducting one-off non-operating items			
– For the year (including discontinued operations)*	**1,155**	1,070	7.9%
– From continuing operations	**1,047**	837	25.1%
Basic earnings per share (HK cents)			
– For the year (including discontinued operations)*	**154.43**	100.24	54.1%
– From continuing operations	**79.25**	80.14	(1.1%)
– Basic earnings per share from continuing operations after deducting one-off non-operating items	**44.92**	36.76	22.2%
Paid interim dividend per share (HK cents)	**9.70**	10.56	(8.1%)
Proposed final cash dividend per share (HK cents)	**11.50**	10.60	8.5%

* Discontinued operations mainly refer to the television (“TV”) original design manufacture (“ODM”) business, disposal of which had been completed on 31 August 2020.

BUSINESS REVIEW AND PROSPECTS

1. Overview

2020 is an extraordinary year with long-lasting impacts on lifestyle and consumption habits, due to the global pandemic of coronavirus disease 2019 ("Covid-19") and increased external uncertainties. The new competitive pattern taking shape in the upstream panel industry and the rapid development of artificial intelligence ("AI"), Internet of Things ("IoT") and other cutting-edge technologies are leading the TV industry fully into the era of smart display. As the brand driving force of the whole TCL display industrial chain and with emphasis on brand business in 2020, TCL Electronics focuses on smart display and vigorously promotes the "AI x IoT" strategy via creating an all-scenario smart display ecosystem including smart home, mobile service and smart commercial display. Through further developing the sector of household large-screen Internet service and exploring more application of Internet scenarios, the Group endeavours to provide users with an all-scenario smart healthy-living experience and become a global leading smart technology company.

In the year of 2020, despite the huge pressure imposed on the global economy and unpredictable market environment, the global smart TV sales and Internet business of the Group still achieved praiseworthy results.

- **Global Ranking of TCL Liquid Crystal Display ("LCD") TV by Sales Volume Increased to Top 2, Greater Proportion Taken up by High-end Products**

  For the year ended 31 December 2020, the global annual sales volume of TCL TV reached 23.93 million sets, with a year-on-year growth of 15.9%. According to the latest report of Omdia[1], the market share by sales volume of TCL TV in overall TV market increased by 1.5 percentage points year-on-year to 10.7% in 2020, firmly ranking top 3 in the world; the market share by sales volume of TCL TV in LCD TV market increased by 1.6 percentage points year-on-year to 10.9% in 2020, with its global ranking rising to top 2. According to the latest reports of GfK[2] and NPD[3], sales volume of TCL TV in 2020 ranked top 5 in 19 overseas countries and regions. According to the CMM[4] omni-channel data, TCL TV accounted for 13.7% of the market share by sales volume in the People's Republic of China ("PRC"), ranking No.3 in 2020; and market share of TCL TV in terms of sales revenue in the PRC increased to 13.5%, with its ranking rising to No.2 in 2020.

  As a leader in the industry, the Group continued to lead the trend of large-screen, high-tech and Internet-oriented smart TV globally. The overall average screen size of TCL TV sold increased by 0.8 inches from 44.8 inches in 2019 to 45.6 inches in 2020. The proportion of TCL TV of 65-inch and above by sales volume increased by 1.0 percentage point from 10.0% in 2019 to 11.0% in 2020.

1 Omdia is a global technology research organisation formed by unifying research brands (Ovum, Heave Reading and Tractica) and IHS Markit International

2 GfK refers to Gesellschaft für Konsumforschung, a research company analysing consumer markets, and a global market research organisation with headquarters in Nuremberg, Germany

3 NPD refers to NPD Group, Inc., a market research company offering data, industry expertise, and prescriptive analytics globally

4 CMM refers to China Monitor Market Co., Ltd., a Chinese institution that focuses on retail market research of consumer goods and home appliances in the PRC

- **Profitability Continued to be Enhanced, Proposed Final Dividend of HK11.50 Cents Per Share**

  For the year ended 31 December 2020, the Group's annual revenue from continuing operations reached HK$50,953 million, increased by 40.2% year-on-year. The annual gross profit reached HK$9,662 million with an increase of 29.8% year-on-year and the gross profit margin was 19.0%. By focusing on the development of its core business and benefitting from its active channel optimisation as well as cost reduction and efficiency enhancement, the Group's annual expense ratio decreased by 1.2 percentage points year-on-year to 15.5%. In 2020, the Group's profit attributable to owners of the parent from continuing operations reached HK$1,847 million. The profit attributable to owners of the parent from continuing operations after deducting one-off non-operating items reached HK$1,047 million, with an increase of 25.1% year-on-year. In the year of 2020, the basic earnings per share from continuing operations was HK79.25 cents, and HK44.92 cents after deducting one-off non-operating items. Subject to shareholders' approval, the Board proposed a final dividend of HK11.50 cents per share for the year ended 31 December 2020, with full year dividend totaling HK21.20 cents per share, representing a dividend payout ratio of 45.0% based on profit attributable to owners of the parent after deducting one-off non-operating items.

- **Global Internet Business Revenue Exceeded HK$1.2 Billion, Continuous Increase in Profitability**

  The Group continuously expanded its home Internet business around the world, providing users with all-scenario products and service for multi-screen, real-time interaction and smart sensing. By the end of December 2020, with the continuous coverage of domestic IoT smart TV devices and expansion of new businesses, the monthly active users of the Group's domestic Internet platform operated by Shenzhen Falcon Network Technology Co. Ltd* (深圳市雷鳥網絡科技有限公司) ("Falcon Network Technology") and its subsidiaries (collectively, "Falcon Network Technology Group") increased by 15.5% year-on-year to 17.91 million, and the average daily time spent on TV per user in 2020 increased by 6.2% year-on-year to 5.6 hours. Benefitting from the rapid development of value-added business and the significant increase in membership penetration rate and user payment rate, the average revenue per user ("ARPU") of Falcon Network Technology Group for 2020 reached HK$53.2, up by 50.7% year-on-year. At the same time, the Group continued to expand its scope of cooperation with Internet giants such as Roku, Google and Netflix in order to further develop its global home Internet business. In addition, the Group's integrated contents application, TCL Channel, has covered 12 countries in total globally. The Group will continuously promote the launch of TCL Channel in more countries in the future with a commitment to provide users with better experience and service in each key market. For the year ended 31 December 2020, the annual global Internet business revenue of the Group reached HK$1,233 million, substantially up by 97.0% year-on-year.

- **Increased Investment in Research and Development ("R&D"), Focusing on High-end Display and Intelligent Interaction Technology**

  The Group continued to focus on the design, R&D and advanced manufacturing of the next-generation smart TV, especially in the fields of display technology, AI and intelligent interaction, aiming to bring better experience to users by enhancing product competitiveness and gradually increasing the penetration rate of smart TV in home scenarios. On 18 August 2020, the Group launched the world's first 5G+8K smart screen, namely the 8K Mini LED 75X10 (5G version) smart screen and 8K QLED 85X9 (5G version) smart screen, embarking on a new journey of 5G commercial use. In the meantime, the Group continuously increased investments in "AI x IoT" technology R&D, focusing on AI, IoT, cloud service, big data, intelligent interaction, Android TV system, Internet applications as well as the innovative application of products. At present, the Eagle Laboratory of the Group consists of four technological centres worldwide, with over 200 employees in the big data and cloud platform team, and more than 400 employees in the AI algorithm team, aiming to become the core provider of the Group's "data service" + "smart scenarios". For the year ended 31 December 2020, the Group's annual R&D expenditure amounted to HK$1,630 million, recording an increase of 117.0% year-on-year, and the R&D expense ratio increased by 1.1 percentage points year-on-year to 3.2%.

  In 2020, the Group launched multiple mid-to-high end smart products, which received a number of domestic and overseas awards and recognition. Specifically, TCL X98K quantum dot TV received the "8K QLED TV Gold Award 2019-2020" by IDG[5], at the 2020 International Consumer Electronics Show ("CES"). TCL·XESS Rotary Smart Screen won the Appliance & Electronics World Expo 2020 ("AWE 2020") Award for "Outstanding Products at the AWE 2020". TCL 9 Series RAY•DANZ soundbar was bestowed with "iF Design Award 2020". QLED TV C815 series and RAY•DANZ soundbar were awarded by Expert Imaging and Sound Association ("EISA") with "Best Buy TV in 2020-2021" and "Best Buy Soundbar in 2020-2021", respectively. TCL 10 Pro Smartphone gained "iF Design Award 2020" and "Red Dot Design Award 2020". TCL AC 1200WiFi router also obtained the "Red Dot Design Award 2020". In addition, Falcon Network Technology, the Internet company incubated by TCL Electronics, was enlisted on "China's TOP 100 most investor-focused start-ups in 2020" by 36Kr[6].

[5] IDG refers to International Data Group Co. Ltd., a technology media, data and marketing service company

[6] 36Kr is a brand and a platform dedicated to serving new economy participants in China.

- **Concentrated on Brand Business, Expanded Business Area via Consolidating Smart Mobile, Connective Devices and Service Sector**

  On 28 July 2020, approved by the majority votes of the shareholders in the extraordinary general meeting, TCL Electronics disposed of its TV ODM business, and incorporated the global business of TCL Communication Technology Holdings Limited ("TCL Communication") and its subsidiaries (collectively, "TCL Communication Group") (i.e. the smart mobile, connective devices and service related businesses of the Group, "smart mobile, connective devices and service"). The relevant business has been consolidated since September 2020. From September to December 2020, the Group's total sales volume of smart mobile, connective devices and service reached 11.7 million sets, up by 14.1% year-on-year; the revenue reached HK$5,193 million. In the future, the Group will further integrate smart mobile, connective devices and service related businesses, accelerate the development of "AI x IoT" strategy, and strive to become a full-scenario smart technology company with numerous product lines in order to embrace broader market potential.

2. TCL Smart Screen Business[7]

Overseas Markets

The Group has been developing the overseas markets for over two decades, with the leading advantage of its global business becoming increasingly prominent, coupled with remarkable international business competitiveness. With global production capacity layout, besides China, the Group has factories in Mexico, Vietnam, Poland, India and South America. In 2020, the Group further increased its production capacity in Mexico and Vietnam, with its global production capacity layout of TCL TV increasing to 27 million sets per year, which provided powerful support for the rapid development of overseas business. In the future, the Group will continue to upgrade its global production capacity layout.

In 2020, the Group's sales revenue of TCL TV in the overseas markets reached HK$26,757 million, up by 27.4% year-on-year. The Group's gross profit of TCL TV business in the overseas markets reached HK$4,363 million, up by 34.0% year-on-year and the gross profit margin reached 16.3%, up by 0.8 percentage points year-on-year. The growth was mainly driven by the Group's leading brand awareness, product competitiveness, as well as the advantage of global supply chain, all of which have contributed to the Group's rapid response and deployment to adjust channel and market strategies in the changing market landscape.

[7] Smart screen business mainly refers to smart TV related business

According to the latest reports of GfK and NPD, the market share of the Group's TCL TV in terms of sales volume ranked top 5 in 19 overseas countries and regions in 2020:

- North American Markets: the sales volume of TCL TV increased by 25.4% year-on-year in 2020, resulting from further optimisation of channel structure and higher proportion of mid-to-high end products. For the 12 months ended 31 December 2020, the market share of TCL TV by sales volume in the United States of America ("U.S.") remained No.2, and that in Canada and Mexico rose to No.3 and No.4, respectively (Source: NPD[8]);

- Emerging Markets: the sales volume of TCL TV increased by 19.4% year-on-year in 2020. For the 12 months ended 31 December 2020, the market share by sales volume of TCL TV rose to No.1 in Pakistan, No.2 in Australia, No.3 in Morocco, and No.4 in Brazil, Thailand and Argentina (Source: GfK);

- European Markets: the sales volume of TCL TV increased significantly by 66.0% year-on-year in 2020. For the 12 months ended 31 December 2020, the market share by sales volume of TCL TV ranked No.3 in France, and rose to No.5 in Italy and Poland (Source: GfK).

The PRC Market

In 2020, the Group's revenue of TCL TV business in the PRC market reached HK$12,862 million, which remained flat when compared to that in the previous year. The Group's gross profit of TCL TV business in the PRC market reached HK$2,740 million, down by 13.6% year-on-year, and the gross profit margin was 21.3%, dropped by 3.2 percentage points year-on-year. The decrease mainly resulted from the Group's adjustment of domestic marketing strategy in response to the pandemic and the higher costs caused by rising TV panel price. During the pandemic, the Group actively followed the trend of consumption change, strengthened the layout of online channels, and vigorously increased the proportion of online sales channels by conducting live broadcasts. In 2020, the online proportion of TCL TV by sales volume reached 48.4%, representing a year-on-year growth of 5.4 percentage points.

According to CMM's omni-channel data, sales volume of the overall TV industry in the PRC market fell by 9.7% year-on-year in 2020. Nonetheless, TCL Electronics recorded growth against the downward trend. The market share by sales volume of TCL TV in the PRC market increased by 3.0 percentage points year-on-year to 13.7% in 2020 and ranked No.3. The market share by revenue increased by 2.5 percentage points year-on-year to 13.5%, with the ranking rising to No.2.

[8] This report refers to NPD's U.S./Canada/Mexico retail market research report, based on the LCD TV sales volumes during January to December of 2020 and during January to December of 2019

3. Internet Business

The PRC Market

In 2020, revenue from the domestic Internet business (mainly relevant business of Falcon Network Technology) surged by 118.8% year-on-year to HK$910 million, partially because Falcon Network Technology Group has only been consolidated into the Group since April 2019. Additionally, Falcon Network Technology Group's operation capability was continuously enhanced and in 2020, the revenue from membership business, value-added business and advertising business rose by 91.1%, 141.9% and 10.3% year-on-year, respectively. Benefitting from the rapid development of value-added business and the significant increase in membership penetration rate and user payment rate, ARPU of Falcon Network Technology Group reached HK$53.2 in 2020, surging by 50.7% year-on-year.

Falcon Network Technology Group focused on optimising user experience and continued to strengthen product competitiveness, which led to enhanced user loyalty and increased membership penetration rate. In December 2020, the number of existing subscribers of Falcon Network Technology Group in the PRC increased by 25.6% year-on-year. By the end of December 2020, the number of monthly active users of Falcon Network Technology Group increased by 15.5% year-on-year to 17.91 million. The average daily time spent on TV per user increased by 6.2% year-on-year to 5.6 hours in 2020.

In addition to in-depth cooperation with major long-video platforms, Falcon Network Technology has also begun to thoroughly tap into influential industry partners in vertical content, including 8 cloud gaming platforms and the short-video giant ByteDance, with its short-video viewing time continuously increasing.

Overseas Markets

In the year of 2020, revenue from overseas Internet business of the Group reached HK$323 million, up by 53.7% year-on-year. In 2020, the Group continued to deepen cooperation with Internet giants such as Roku and Google globally. As the first enterprise in the industry that has revenue from overseas Internet business, the Group's overseas Internet business witnessed enlarging business coverage and influence. Meanwhile, as the pandemic stimulated and accelerated the development of home Internet value-added service, the Group's partnership with Roku has expanded from the U.S. to worldwide since July 2020. In addition, the Group has worked more closely with Netflix in the overseas markets around the globe. Moreover, the Group continued to actively promote TCL Channel overseas, providing overseas users with rich local content resources. As of the end of December 2020, TCL Channel had covered 12 countries in total. The Group will continuously promote the launch of TCL Channel in more countries in the future.

4. Smart Mobile, Connective Devices and Service (consolidated since September 2020)

In order to further implement its “AI x IoT” strategic layout and provide users with products and service related to smart life in all scenarios, the Group has consolidated the related businesses of smart mobile, connective devices and service since September 2020. From September to December 2020, the Group’s total sales volume of smart mobile, connective devices and service reached 11.70 million sets, up by 14.1% year-on-year. The relevant revenue reached HK$5,193 million and the gross profit margin reached 20.2%.

From the perspective of key markets around the world, according to the latest report of IDC[9], sales volume of the Group’s mobile phone in 2020 ranked No.4 in the U.S., and No.5 in Canada, Australia and Western Europe. In 2020, sales volume of the Group’s smart tablet ranked No.5 in the world. Among others, it ranked No.4 in the U.S. and No.6 in Europe and Latin America.

5. Outlook

Despite the global spread of Covid-19 in 2020, the Group has built up comprehensive capabilities and system to cope with crises, which mainly benefitted from over 20 years of overseas experience. By further strengthening the global production capacity layout and restructuring global channel, as well as relying on its distinctive advantage of vertically integrated industrial chain, the Group responded swiftly in all markets and adjusted its market and supply chain strategies in a timely manner during the pandemic. As a result, the impact of the pandemic on the Group is limited, and the Group’s business performance still achieved growth against the downward trend in 2020.

Looking into the year of 2021, it is expected that recovery will be the theme of global economy, with improving industry landscape and coexisting opportunities and challenges. The Group will continuously pay close attention to the pandemic and seize the industry opportunities on the premise of ensuring the safety of employees. By adhering to the core business of smart display, the Group will continue to reinforce its leading position in the industry through constantly enhancing its product competitiveness and brand influence, and speeding up the implementation of “AI x IoT” all-scenario smart and healthy life strategy:

– increase R&D investment to further develop industry-leading high-end display technologies such as quantum dot, Mini LED and 8K, and continue to consolidate the core competitiveness of the Group by continuously boosting innovation in technological areas including AI, Internet-based big data, smart manufacturing, smart interaction and smart display;

[9] IDC refers to International Data Corporation, a global provider of market intelligence and advisory services for the information technology, telecommunications, and consumer technology markets

- leverage on the Group's distinctive advantage of vertically integrated industrial chain to minimise the pressure on gross profit caused by shortage and increasing price of upstream panel, and further upgrade the layout of global supply chain and channel to accelerate the development of emerging markets, as well as constantly improve the brand power and competitiveness of the Group in domestic and overseas TV markets in order to step towards the target of becoming No.1 brand in the global TV market;

- expedite the development of global Internet business, deepen and expand the strategic cooperation with overseas Internet partners while enhancing the operation and profitability of Falcon Network Technology, so as to improve the integration of content resources domestically and overseas, and reinforce the operation and profitability of global Internet business; and

- seize the business opportunity brought by the development of AI, IoT and other advanced technologies to propel product and application upgrades. Accelerate the integration of smart mobile, connective devices and service with smart display business as the core, step up the development of three major smart scenarios namely smart home, mobile service and smart commercial display to offer users smart living service across "All Scenarios, All Categories and Inter-connectivity", and further implement the all-scenario smart and healthy living strategy of "AI x IoT" to drive the development of all-category business so as to realise a leading role across the globe.

In the digital era when frontier science and technology embrace rapid development, the Group will, with "Smart Screens Interconnect Everything and Lead to the Future" as the core, take its advanced display technology as its base to constantly promote intelligentisation, globalisation, R&D investment, product innovation, global layout of supply chain and channel, and digital transformation, while seeking to increase the revenue from Internet value-added service. Confident and determined as ever, the Group will endeavour to become a global leader in providing users around the world with the best products and services that enable multi-screen, real-time interactions and all-scenario smart sensing, and bring long-term sustainable growth and returns to our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Comparison between 2020 and 2019

The table below lists and compares the figures of 2020 and 2019:

	For the year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
		(restated)
CONTINUING OPERATIONS		
REVENUE	**50,952,927**	36,335,232
Cost of sales	**(41,290,719)**	(28,892,070)
Gross profit	**9,662,208**	7,443,162
Other income and gains	**2,357,859**	1,491,596
Selling and distribution expenses	**(5,616,591)**	(4,752,164)
Administrative expenses	**(2,292,414)**	(1,303,112)
Research and development costs	**(1,630,468)**	(750,682)
Other operating expenses	**(52,997)**	(15,676)
Impairment losses of financial assets, net	**(43,387)**	(22,982)
	2,384,210	2,090,142
Finance costs	**(243,769)**	(128,879)
Shares of profits and losses of：		
– Joint ventures	**23,236**	13,041
– Associates	**(84,339)**	25,180
Profit before tax from continuing operations	**2,079,338**	1,999,484
Income tax	**(185,935)**	(128,237)
Profit for the year from continuing operations	**1,893,403**	1,871,247
Profit for the year from discontinued operations	**1,752,216**	457,836
Profit for the year	**3,645,619**	2,329,083
Profit attributable to owners of the parent		
– For the year (including discontinued operations)	**3,599,442**	2,283,416
– From continuing operations	**1,847,226**	1,825,580
Profit attributable to owners of the parent after deducting one-off non-operating items		
– For the year (including discontinued operations)	**1,155,470**	1,069,885
– From continuing operations	**1,047,015**	837,484

Revenue

The Group's revenue from continuing operations increased by 40.2% year-on-year from HK$36,335 million in 2019 to HK$50,953 million in 2020. The table below shows the Group's revenue by business for 2019 and 2020:

	For the year ended 31 December			
	2020		2019	
	HK$'000	**Proportion of the total revenue**	*HK$'000* *(restated)*	Proportion of the total revenue
TCL smart screen business				
– Overseas	**26,756,990**	**52.5%**	20,997,121	57.8%
– the PRC	**12,862,333**	**25.2%**	12,950,079	35.6%
Internet business				
– the PRC	**910,538**	**1.8%**	416,136	1.1%
– Overseas	**322,826**	**0.6%**	210,040	0.6%
Smart mobile, connective devices and service*	**5,192,734**	**10.2%**	N/A	N/A
Smart commercial display, smart home and other businesses	**4,907,506**	**9.7%**	1,761,856	4.9%
Total revenue	**50,952,927**	**100.0%**	36,335,232	100.0%

* This item only includes the revenue of TCL Communication Group after consolidation into the Group's financial statements since September 2020.

TCL Smart Screen Business

Overseas

Revenue of TCL TV in the overseas markets increased by 27.4% year-on-year from HK$20,997 million in 2019 to HK$26,757 million in 2020. The growth was mainly powered by the Group's continuously enhanced product competitiveness, brand awareness, and global industrial chain layout, as well as the Group's swift response and deployment to the market change and demand during the pandemic.

The PRC

Revenue of TCL TV in the PRC market reached HK$12,862 million in 2020, which remained flat when compared to that of the previous year.

Internet Business

The PRC

The Group's revenue from the domestic Internet business (mainly relevant business of Falcon Network Technology Group) rose by 118.8% year-on-year from HK$416 million in 2019 to HK$910 million in 2020. Among others, revenue from membership business increased by 91.1% year-on-year, value-added business increased by 141.9% year-on-year and advertising business increased by 10.3% year-on-year.

Overseas

The Group's revenue from the overseas Internet business increased by 53.7% year-on-year from HK$210 million in 2019 to HK$323 million in 2020.

Gross Profit and Gross Profit Margin

The overall gross profit increased by 29.8% year-on-year from HK$7,443 million in 2019 to HK$9,662 million in 2020. The gross profit margin was 19.0% in 2020, representing a year-on-year drop of 1.5 percentage points compared with that of 2019, which was mainly attributable to the adjustment of regional structure and rising panel price.

TCL Smart Screen Business

Overseas

Benefitting from the continuous optimisation of channel structure and product structure, the gross profit margin of TCL TV in the overseas markets increased by 0.8 percentage points year-on-year from 15.5% in 2019 to 16.3% in 2020.

The PRC

The gross profit margin of TCL TV in the PRC market decreased by 3.2 percentage points year-on-year from 24.5% in 2019 to 21.3% in 2020, mainly resulting from the Company's adjustment of domestic marketing strategy in response to the pandemic and the higher costs caused by rising panel price.

Smart Mobile, Connective Devices and Service

The gross profit margin of smart mobile, connective devices and service, which has been consolidated since September 2020, reached 20.2% for the period from September to December 2020.

Other Income and Gains

Other income and gains increased by 58.0% year-on-year from HK$1,492 million in 2019 to HK$2,358 million in 2020, mainly due to the gain from the partial disposal of the equity interest of an associate, Amlogic (Shanghai) Co., Ltd.* (晶晨半導體(上海)股份有限公司) ("Amlogic", a joint stock limited company established in the PRC, the shares of which are listed on the sci-tech innovation board of the Shanghai Stock Exchange, Stock Code: 688099.SH), increase in return on investment in trading financial assets, software value-added tax refund, income from R&D service and interest income. The one-off gain in 2019 primarily comprised HK$787 million on the fair value remeasurement of 44.44% pre-existing equity interest of Falcon Network Technology Group.

Selling and Distribution Expenses

The selling and distribution expenses grew by 18.2% year-on-year from HK$4,752 million in 2019 to HK$5,617 million in 2020. The growth was mainly driven by the consolidation of the Brazil subsidiary SEMP TCL Indústria e Comércio de Eletroeletrônicos S.A. ("SEMP TCL") and TCL Communication, as well as the rising transportation expenses and warehousing costs resulted from the growing sales volume, and the Group's increased investment in branding and market expansion.

Administrative Expenses

The administrative expenses increased by 75.9% year-on-year from HK$1,303 million in 2019 to HK$2,292 million in 2020. The increase was mainly due to the consolidation of SEMP TCL and TCL Communication. Meanwhile, in order to build and enhance its future capabilities, the Group increased one-off investments in consultation related to business process, IT system, finance and taxation, etc., leading to increased fees in employing consultants and other related agencies.

R&D Costs

The R&D costs grew by 117.0% year-on-year from HK$751 million in 2019 to HK$1,630 million in 2020. The growth was mainly attributable to the Group's increased investment in 8K, Mini LED, quantum dot, AI x IoT, Android TV system and other frontier technologies for its long-term development.

Impairment Losses on Financial Assets, Net

The net impairment losses on financial assets increased by 87.0% year-on-year from HK$22.98 million in 2019 to HK$43.39 million in 2020. The increase was mainly because the Group increased its provision of expected credit loss on other receivables during the year.

Finance Costs

The finance costs increased by 89.1% year-on-year from HK$129 million in 2019 to HK$244 million in 2020. The increase was mainly because of the newly added loans and the consolidation of SEMP TCL and TCL Communication.

Share of Profits and Losses

The share of losses in 2020 was HK$61.10 million, while the share of profits in 2019 was HK$38.22 million. The share of losses was mainly caused by the exchange rate fluctuation before the consolidation of SEMP TCL.

Profit before Tax from Continuing Operations

The profit before tax from continuing operations increased by 4.0% year-on-year from HK$1,999 million in 2019 to HK$2,079 million in 2020.

Income Tax

The income tax rose by 45.3% year-on-year from HK$128 million in 2019 to HK$186 million in 2020, mainly due to increased profit before tax of the subsidiaries of the Company and thus increased the provision of income tax.

Profit for the Year and Profit Attributable to Owners of the Parent from Continuing Operations

The profit for the year from continuing operations increased by 1.2% year-on-year from HK$1,871 million in 2019 to HK$1,893 million in 2020. The profit attributable to owners of the parent from continuing operations in 2020 was HK$1,847 million, representing a year-on-year increase of 1.2%.

Profit Attributable to Owners of the Parent from Continuing Operations after Deducting One-off Non-operating Items

The one-off gain in 2020 mainly comprised HK$790 million generated from the gain from partial disposal of the equity interest of an associate Amlogic. After adjusting all one-off items, the profit attributable to owners of the parent from continuing operations after deducting one-off non-operating items in 2020 reached HK$1,047 million, up by 25.1% year-on-year.

FINANCIAL REVIEW

Significant Investments, Acquisitions and Disposals

On 12 August 2019 (after trading hours), TCL King Electrical Appliances (Chengdu) Company Limited* (TCL 王牌電器(成都)有限公司) ("TCL King (Chengdu)") entered into a sale and purchase agreement with TCL China Star Optoelectronics Technology Co., Ltd* (TCL華星光電技術有限公司) ("CSOT"), pursuant to which, CSOT has conditionally agreed to acquire and TCL King (Chengdu) (as the seller) has conditionally agreed to sell the 14.00% equity interest in TCL Technology Finance Co., Ltd.* (TCL科技集團財務有限公司, formerly known as TCL Finance Co., Ltd.* (TCL集團財務有限公司)) held by TCL King (Chengdu) at the consideration of approximately RMB255 million (equivalent to approximately HK$279 million). The aforesaid transaction had been completed during the year. For details, please refer to the Company's announcement dated 12 August 2019.

On 3 June 2020 (after trading hours), TCL Netherlands B.V. ("TCL NL"), SEMP Amazonas S.A. ("STA"), SEMP TCL, Affonso Brandão Hennel and TCL Overseas Consumer Electronics Limited ("OCE") (each of TCL NL and OCE being an indirect wholly-owned subsidiary of the Company) entered into a share purchase agreement, pursuant to which, among others, STA conditionally agreed to sell and TCL NL conditionally agreed to acquire 40% equity interest of SEMP TCL at the consideration of which is subject to a maximum price of BRL325,407,278.84 (equivalent to approximately HK$484,922,000). As at the date of the share purchase agreement, SEMP TCL was owned 40% and 60% by OCE and STA respectively. TCL NL would acquire from OCE the entire equity interests held by OCE in SEMP TCL on the closing date of the aforesaid transaction. Therefore, upon closing, SEMP TCL would be owned 80% and 20% by the Group (via TCL NL) and STA respectively, hence SEMP TCL would become an indirect subsidiary of the Company. The transaction was completed on 20 July 2020 (São Paulo time) and the consideration paid by TCL NL to STA for the acquisition of 40% equity interest of SEMP TCL was approximately BRL216.72 million (equivalent to approximately HK$337.41 million). Further details of this transaction are set out in the Company's announcements dated 3 June 2020 and 21 July 2020 respectively.

On 29 June 2020, T.C.L. Industries (H.K.) Holdings Limited ("T.C.L. Industries (H.K.)", the immediate holding company of the Company), Zhengjia Investment Limited ("Zhengjia Investment", a wholly owned subsidiary of T.C.L. Industries (H.K.)) and the Company entered into a conditional share transfer agreement, pursuant to which Zhengjia Investment conditionally agreed to sell and the Company conditionally agreed to acquire 100% equity interest in TCL Communication at the consideration of RMB1.5 billion (equivalent to approximately HK$1.7 billion). The transaction was completed on 31 August 2020. Further details of this transaction are set out in the Company's announcements dated 29 June 2020 and 31 August 2020 respectively and circular dated 30 June 2020.

On 29 June 2020, T.C.L. Industries (H.K.) and the Company entered into a conditional share transfer agreement, pursuant to which the Company conditionally agreed to sell and T.C.L. Industries (H.K.) conditionally agreed to acquire 100% equity interest in Moka International Limited ("Moka International") at the consideration of RMB2.5 billion (equivalent to approximately HK$2.8 billion). The transaction was completed on 31 August 2020. Further details of this transaction are set out in the Company's announcements dated 29 June 2020 and 31 August 2020 respectively and circular dated 30 June 2020.

On 14 September 2020, TCL Commercial Information Technology (Huizhou) Limited* (TCL商用信息科技(惠州)有限責任公司) ("CI Tech") entered into an equity transfer agreement with an independent third party, pursuant to which CI Tech agreed to sell, and the independent third party agreed to acquire 100% equity interest in TCL New Technology (Huizhou) Co., Limited* (TCL新技術(惠州)有限公司) ("New Technology (Huizhou)", a subsidiary of CI Tech) at the consideration of RMB80.09 million (equivalent to approximately HK$91.14 million). The transaction was completed on 23 September 2020.

On 6 November 2020, TCL King Electrical Appliances (Huizhou) Company Limited* (TCL王牌電器(惠州)有限公司, a company established in the PRC and a subsidiary of the Company) ("TCL King (Huizhou)") sold an aggregate of 8,222,400 shares of Amlogic ("Amlogic Shares") (representing approximately 2% of the total issued Amlogic Shares as at 8 November 2020) at an average price of approximately RMB63.56 per share for an aggregate consideration of approximately RMB522.62 million (equivalent to approximately HK$615.80 million) (before transaction costs), which was receivable in cash on settlement. During the period from 1 December 2020 to 8 December 2020, TCL King (Huizhou) further sold 2,464,863 Amlogic Shares (representing approximately 0.60% of the total issued Amlogic Shares as at 8 December 2020) by way of auction in the open market at an average price of approximately RMB70.39 per share for an aggregate consideration of approximately RMB173.50 million (equivalent to approximately HK$204.43 million) (before transaction costs), which was receivable in cash on settlement. Subsequently, during the period from 9 December 2020 to 11 December 2020, TCL King (Huizhou) further sold 1,646,310 Amlogic Shares (representing approximately 0.40% of the total issued Amlogic Shares as at 11 December 2020) by way of auction in the open market at an average price of approximately RMB74.36 for an aggregate consideration of RMB122.43 million (equivalent to approximately HK$144.25 million) (collectively "the Disposals").

Immediately following the completion of the Disposals, the Company (through TCL King (Huizhou)) holds 29,436,808 Amlogic Shares (representing approximately 7.16% of the total issued Amlogic Shares as at 11 December 2020). Further details of these transactions are set out in the Company's announcements dated 8 November 2020, 8 December 2020 and 4 March 2021 respectively.

Save as disclosed above, the Group has no other significant investment held as at 31 December 2020, nor other material acquisition and disposal of subsidiaries, associates and/or joint ventures during the year ended 31 December 2020.

Liquidity and Financial Resources

The Group's principal financial instruments to manage liquidity risk comprise bank loans, factorings, cash and short-term deposits. The main objective for the use of these financial instruments is to maintain a continuity of funding and flexibility at the lowest cost possible.

The cash and cash equivalents of the Group as at 31 December 2020 amounted to approximately HK$10,384,885,000, of which 6.2% in Hong Kong dollars, 23.7% in U.S. dollars, 61.3% in Renminbi, 1.8% in Euros and 7.0% in other currencies for overseas operations.

For the purpose of day-to-day liquidity management and future expansion, the Group has access to bank and other borrowings. The bank and other borrowings of the Group as at 31 December 2020 were HK$5,446,788,000 which were interest-bearing at fixed rates ranging from 0.60% to 8.00% and denominated in U.S. dollars, Renminbi, Euros and Mexican Peso. The maturity profile of borrowing was on demand to within four years. It is the intention of the Group to maintain a mix of equity and debt to ensure an efficient capital structure and in view of the reasonable interest rate. There was no material change in available credit facilities when compared with the year ended 31 December 2019 and there was no asset held under finance lease as at 31 December 2020.

As at 31 December 2020, the Group's gearing ratio was 0% since the Group's cash and cash equivalents, restricted cash and pledged deposits of approximately HK$10,587,114,000 were higher than the total interest-bearing bank and other borrowings and lease liabilities of approximately HK$5,792,820,000. Gearing ratio was calculated by net borrowings (i.e. total interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents, restricted cash and pledged deposits), divided by equity attributable to owners of the parent. The maturity profile of such borrowings ranged from on demand to within four years.

Pledge of Assets

As at 31 December 2020, the Group had restricted cash balance and pledged deposits of HK$202,229,000 (31 December 2019: HK$5,827,000) pledged as the balance of performance and quality guarantees, financial assets and banking facilities for the Group.

Capital Commitments and Contingent Liabilities

As at 31 December 2020, the Group had the following capital commitments:

	2020	2019
	HK$'000	*HK$'000*
Contracted, but not provided for	**231,096**	139,356
Authorised, but not contracted for	**256,002**	247,115
	487,098	386,471

As at 31 December 2020, the Group had the following contingent liabilities which have not been provided for in the financial statements as follows:

SEMP TCL Mobilidade Ltda. ("SEMP Mobilidade"), formerly known as TCT Mobile – Telefones Ltda. (a former subsidiary of TCL Communication, disposed to SEMP TCL in March 2018) is currently a defendant in a lawsuit in Brazil with Brazil tax authority for alleged improper application of tax credits for the period of 2012 and 2013. In June 2018, SEMP Mobilidade filed an ordinary appeal and the court ordered the record remanded for a new trial of the administrative defence in March 2019. As at the date of this announcement, the lawsuit is still ongoing. The information usually required by HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigations. Based on the response from the independent attorney in charge, it is expected that the litigation will last for 3 to 5 years. The Group has not made any provision as the Group, based on the advice from the Group's legal counsel, believes that SEMP Mobilidade has a valid defence against the allegation.

Pending Litigation

Save as disclosed above, the Group was not involved in any material litigation as at 31 December 2020.

Foreign Exchange Exposure

Due to its international presence and operation, the Group is facing foreign exchange exposure including transaction exposure and translation exposure.

It is the Group's policy to centralise foreign currency management to monitor its total foreign currency exposure, to net off affiliate positions and to consolidate hedging transactions with banks. The Group emphasises the importance of trading, investing and borrowing in functional currency to achieve natural hedging. In addition, in line with the aim of prudent financial management, the Group does not engage in any high risk derivative trading or leveraged foreign exchange contracts.

Employee and Remuneration Policy

As at 31 December 2020, the Group had a total of 34,155 dynamic and talented employees. They were all dedicated to advancing the quality and reliability of our operations. The remuneration policy of the Group was reviewed regularly, making reference to current legislation, market condition and performance of both the individual and the Group. In order to align the interests of staff with those of shareholders of the Company, share options were granted to relevant grantees, including employees of the Group, under the Company's share option scheme. Share options carrying rights to subscribe for a total number of 83,185,209 shares remained outstanding as at 31 December 2020.

A restricted share award scheme (the "Award Scheme") was also adopted by the Company on 6 February 2008 and was amended on 11 August 2015, 13 June 2016, 24 November 2017 and 4 May 2018 respectively. Pursuant to the Award Scheme, existing shares of the Company may be purchased from the market or new shares may be subscribed for by the designated trustee out of cash contributed by the Company, and would be held on trust by the designated trustee for the relevant selected persons until such shares are vested with the relevant selected persons in accordance with the rules of the Award Scheme.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Twelve months ended 31 December 2020 HK$'000	Twelve months ended 31 December 2019 HK$'000 (restated)	Three months ended 31 December 2020 HK$'000	Three months ended 31 December 2019 HK$'000 (restated)
CONTINUING OPERATIONS					
REVENUE	6	**50,952,927**	36,335,232	**19,119,618**	10,232,776
Cost of sales		**(41,290,719)**	(28,892,070)	**(15,812,240)**	(8,003,763)
Gross profit		**9,662,208**	7,443,162	**3,307,378**	2,229,013
Other income and gains		**2,357,859**	1,491,596	**1,531,769**	281,937
Selling and distribution expenses		**(5,616,591)**	(4,752,164)	**(1,780,931)**	(1,326,739)
Administrative expenses		**(2,292,414)**	(1,303,112)	**(1,102,119)**	(509,464)
Research and development costs		**(1,630,468)**	(750,682)	**(732,494)**	(156,882)
Other operating expenses		**(52,997)**	(15,676)	**(19,935)**	(9,498)
Impairment losses on financial assets, net		**(43,387)**	(22,982)	**(34,960)**	3,365
		2,384,210	2,090,142	**1,168,708**	511,732
Finance costs	7	**(243,769)**	(128,879)	**(103,557)**	(30,093)
Share of profits and losses of:					
Joint ventures		**23,236**	13,041	**4,669**	5,797
Associates		**(84,339)**	25,180	**6,639**	44,950
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	8	**2,079,338**	1,999,484	**1,076,459**	532,386
Income tax	9	**(185,935)**	(128,237)	**(50,305)**	2,248
PROFIT FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS		**1,893,403**	1,871,247	**1,026,154**	534,634
DISCONTINUED OPERATIONS					
Profit for the year/period from discontinued operations	10	**1,752,216**	457,836	**–**	278,607
PROFIT FOR THE YEAR/PERIOD		**3,645,619**	2,329,083	**1,026,154**	813,241

	Twelve months ended 31 December		Three months ended 31 December	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		*(restated)*
OTHER COMPREHENSIVE INCOME/(LOSS)				
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedges:				
Effective portion of changes in fair value of the hedging instruments arising during the year/period	**32,987**	(7,857)	**27,116**	(48,362)
Reclassification adjustments for (gains)/ losses included in profit or loss	**(67,689)**	(3,621)	**(74,543)**	21,488
Income tax effect	**1,019**	–	**960**	–
	(33,683)	(11,478)	**(46,467)**	(26,874)
Exchange differences:				
Translation of foreign operations	**879,796**	(254,505)	**874,917**	85,684
Reclassification adjustments for foreign operations disposed of or liquidated during the year/period	**87,092**	(7,848)	**272**	(8,831)
Reclassification adjustments for associates deemed partial disposed, partial disposed, disposed of or liquidated during the year/ period	**185,059**	353	**28,699**	(24)
	1,151,947	(262,000)	**903,888**	76,829
Financial assets at fair value through other comprehensive income:				
Changes in fair value, net of income tax	**5,190**	3,490	**(4,894)**	(6,049)
Reclassification adjustments for subsidiaries disposed of during the year/period	**1,508**	–	**–**	–
	6,698	3,490	**(4,894)**	(6,049)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**1,124,962**	(269,988)	**852,527**	43,906

	Note	Twelve months ended 31 December 2020 HK$'000	Twelve months ended 31 December 2019 HK$'000 (restated)	Three months ended 31 December 2020 HK$'000	Three months ended 31 December 2019 HK$'000 (restated)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:					
Equity investments designated at fair value through other comprehensive income:					
Changes in fair value, net of income tax		**15,225**	(7,525)	**16,814**	(6,322)
Share of other comprehensive income of associates		**30,363**	1,110	**25,526**	2,449
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**45,588**	(6,415)	**42,340**	(3,873)
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR/PERIOD, NET OF TAX		**1,170,550**	(276,403)	**894,867**	40,033
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		**4,816,169**	2,052,680	**1,921,021**	853,274
Profit/(loss) attributable to:					
Owners of the parent		**3,599,442**	2,283,416	**1,044,555**	777,882
Non-controlling interests		**46,177**	45,667	**(18,401)**	35,359
		3,645,619	2,329,083	**1,026,154**	813,241
Total comprehensive income attributable to:					
Owners of the parent		**4,743,236**	2,021,526	**1,916,392**	816,314
Non-controlling interests		**72,933**	31,154	**4,629**	36,960
		4,816,169	2,052,680	**1,921,021**	853,274
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		(restated)		
Basic					
– For profit for the year		**HK154.43 cents**	HK100.24 cents		
– For profit from continuing operations		**HK79.25 cents**	HK80.14 cents		
Diluted					
– For profit for the year		**HK152.26 cents**	HK98.41 cents		
– For profit from continuing operations		**HK78.14 cents**	HK78.68 cents		

Details of the dividends for the year are disclosed in note 11.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31 December 2020** **HK$'000**	31 December 2019 *HK$'000* *(restated)*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,757,190**	1,531,460
Investment properties		**579,559**	127,908
Right-of-use assets		**844,369**	285,569
Goodwill		**3,301,381**	1,841,613
Other intangible assets		**1,314,735**	156,166
Investments in joint ventures		**89,793**	31,323
Investments in associates		**1,343,495**	1,409,268
Equity investments designated at fair value through other comprehensive income		**101,670**	169,172
Deferred tax assets		**271,552**	85,584
Other deferred assets		**136,396**	44,430
Restricted cash and pledged deposits		**131**	3,396
Total non-current assets		**10,740,271**	5,685,889
CURRENT ASSETS			
Inventories		**10,026,153**	5,401,416
Trade receivables	13	**10,851,368**	5,993,843
Bills receivable		**2,829,150**	4,167,798
Prepayments, other receivables and other assets		**5,764,323**	2,743,731
Tax recoverable		**114,766**	41,180
Financial assets at fair value through profit or loss		**1,083,253**	961,576
Derivative financial instruments		**339,992**	139,480
Restricted cash and pledged deposits		**202,098**	2,431
Cash and cash equivalents		**10,384,885**	8,194,743
Total current assets		**41,595,988**	27,646,198

	Notes	**31 December 2020** *HK$'000*	31 December 2019 *HK$'000* *(restated)*
CURRENT LIABILITIES			
Trade payables	14	**14,417,138**	9,396,398
Bills payable		**3,051,721**	2,683,814
Other payables and accruals		**10,688,229**	6,477,884
Interest-bearing bank and other borrowings	15	**4,588,751**	1,648,612
Lease liabilities		**95,469**	80,808
Tax payable		**142,874**	134,708
Derivative financial instruments		**179,942**	44,086
Provisions		**800,412**	689,597
Total current liabilities		**33,964,536**	21,155,907
NET CURRENT ASSETS		**7,631,452**	6,490,291
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,371,723**	12,176,180
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	**858,037**	89,286
Lease liabilities		**250,563**	59,621
Financial liability associated with put option		**123,916**	–
Deferred tax liabilities		**355,190**	52,224
Other long-term payables		**34,313**	27,252
Derivative financial instruments		**14,827**	6,899
Total non-current liabilities		**1,636,846**	235,282
Net assets		**16,734,877**	11,940,898
EQUITY			
Equity attributable to owners of the parent			
Issued capital	16	**2,452,482**	2,363,225
Reserves		**13,711,708**	9,220,897
		16,164,190	11,584,122
Non-controlling interests		**570,687**	356,776
Total equity		**16,734,877**	11,940,898

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and certain financial assets which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2020. 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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's plant and machinery have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK$15,703,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

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 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

4 No mandatory effective date yet determined but available for adoption

5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank and other borrowings denominated in foreign currencies based on various Interbank Offered Rates as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

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, amendments are available for adoption now.

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 9 Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- *HKFRS 16 Leases:* removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

4. ADJUSTMENTS ARISING FROM PRIOR YEAR PROVISIONAL ACCOUNTING

During the year, the Group has finalised the fair value assessment of the acquisition of 100% equity interest in Shenzhen Hawk Internet Company Limited ("Shenzhen Hawk Internet") (the "Shenzhen Hawk Internet Acquisition"). On completion of the fair value assessment, retrospective adjustments were made to the provisional calculation of identifiable assets and liabilities as of 1 November 2019, being the closing day of the Shenzhen Hawk Internet Acquisition. Consequently, the Group's consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019, and certain explanatory notes have been restated in this announcement to reflect these restatements.

The effects of the adjustments arising from completion of the Shenzhen Hawk Internet Acquisition described above on the profit or loss for the year ended 31 December 2019 by line items presented in the consolidated statement of profit or loss and other comprehensive income were as follows:

	2019
	HK$'000
Impact on profit for the year	
Adjustment arising from completion of the Shenzhen Hawk Internet Acquisition:	
Increase in other income and gains	3,990
Net increase in profit for the year from continuing operations	3,990
Net increase in profit attributable to:	
Owners of the parent	3,990
Impact on other comprehensive income for the year	
Adjustment arising from completion of the Shenzhen Hawk Internet Acquisition:	
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:	
Exchange differences:	
Translation of foreign operations	142
Net increase in other comprehensive income for the year	142
Net increase in total comprehensive income attributable to:	
Owners of the parent	4,132

The effects of the adjustments arising from completion of the Shenzhen Hawk Internet Acquisition described above on the financial position as at 31 December 2019 by line items presented in the consolidated statement of financial position were as follows:

	31 December 2019 *HK$'000* *(originally stated)*	Adjustments arising from completion of the Shenzhen Hawk Internet Acquisition *HK$'000*	31 December 2019 *HK$'000* *(restated)*
Non-current assets			
Goodwill	1,867,990	(26,377)	1,841,613
Investments in associates	1,398,627	10,641	1,409,268
Equity investments designated at fair value through other comprehensive income	143,920	25,252	169,172
Non-current liabilities			
Deferred tax liabilities	(46,840)	(5,384)	(52,224)
Total effects on net assets	11,936,766	4,132	11,940,898
Equity			
Retained profits	3,358,840	3,990	3,362,830
Exchange fluctuation reserve	(488,636)	142	(488,494)
Total effects on total equity	11,936,766	4,132	11,940,898

Impact on basic earnings per share

	2019
Basic earnings per share before adjustments	
For profit for the year	HK100.06 cents
For profit from continuing operations	HK79.96 cents
Adjustments arising from completion of the Shenzhen Hawk Internet Acquisition	HK0.18 cents
Restated basic earnings per share	
For profit for the year	HK100.24 cents
For profit from continuing operations	HK80.14 cents

Impact on diluted earnings per share

	2019
Diluted earnings per share before adjustments	
For profit for the year	HK98.24 cents
For profit from continuing operations	HK78.51 cents
Adjustments arising from completion of the Shenzhen Hawk Internet Acquisition	HK0.17 cents
Restated diluted earnings per share	
For profit for the year	HK98.41 cents
For profit from continuing operations	HK78.68 cents

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their geographical TV segments and other product types and has four reportable operating segments as follows:

(a) TV segment – manufacture and sale of TV sets in:

- TCL TV – the PRC market; and

- TCL TV – the overseas markets;

(b) Internet business segment – advertising, value-added, video-on-demand and membership cards;

(c) Smart mobile, connective devices and service segment – manufacture and sale of mobile phones, smart connective products and display and service; and

(d) Smart commercial display, smart home and other businesses segment.

The Group's TV ODM business and safety and inspection equipment business were regarded as discontinued operations which details are set out in note 10.

The management of the Company monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on segment revenue and gross profit of each operating segment.

Certain reportable operating segments have been restated as the management believes that the information regarding such restated segments would be useful to the users of these financial statements.

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

	Continuing operations												Discontinued operations					
	TV				Internet business		Smart mobile, connective devices and service		Smart commercial display, smart home and other		Total continuing operations				Eliminations		Consolidated	
	TCL TV – the PRC market		TCL TV – overseas markets															
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)
Segment revenue:																		
Sales to external customers	**12,862,333**	12,950,079	**26,756,990**	20,997,121	**1,233,364**	626,176	**5,192,734**	–	**4,907,506**	1,761,856	**50,952,927**	36,335,232	**6,796,477**	10,655,907	**–**	–	**57,749,404**	46,991,139
Intersegment sales	**2,749,393**	1,917,620	**672,001**	234,331	**37,627**	7,558	**105**	–	**91,396**	290,096	**3,550,522**	2,449,605	**–**	–	**(3,550,522)**	(2,449,605)	**–**	–
Total	**15,611,726**	14,867,699	**27,428,991**	21,231,452	**1,270,991**	633,734	**5,192,839**	–	**4,998,902**	2,051,952	**54,503,449**	38,784,837	**6,796,477**	10,655,907	**(3,550,522)**	(2,449,605)	**57,749,404**	46,991,139
Gross profit	**2,739,714**	3,170,968	**4,363,482**	3,254,733	**829,913**	471,790	**1,049,092**	–	**680,007**	545,671	**9,662,208**	7,443,162	**463,991**	726,902	**–**	–	**10,126,199**	8,170,064

6. REVENUE

An analysis of revenue from continuing operations is as follows:

	2020	2019
	HK$'000	*HK$'000*
		(restated)
Revenue from contracts with customers	**50,952,927**	36,335,232

Disaggregated revenue information from continuing operations for revenue from contracts with customers

For the year ended 31 December 2020

Segments	**TV and other products**	**Internet business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Type of goods or services			
Sale of goods	**49,719,563**	**117,082**	**49,836,645**
Video-on-demand services	**–**	**277,051**	**277,051**
Advertising, value-added and other services	**–**	**839,231**	**839,231**
Total revenue from contracts with customers	**49,719,563**	**1,233,364**	**50,952,927**
Geographical markets			
Mainland China	**15,735,849**	**910,538**	**16,646,387**
Europe	**6,160,206**	**–**	**6,160,206**
North America	**14,760,867**	**45,678**	**14,806,545**
Emerging markets	**13,062,641**	**277,148**	**13,339,789**
Total revenue from contracts with customers	**49,719,563**	**1,233,364**	**50,952,927**
Timing of revenue recognition			
Goods transferred at a point in time	**49,719,563**	**117,082**	**49,836,645**
Services transferred over time	**–**	**277,051**	**277,051**
Services transferred at a point in time	**–**	**839,231**	**839,231**
Total revenue from contracts with customers	**49,719,563**	**1,233,364**	**50,952,927**

Disaggregated revenue information from continuing operations for revenue from contracts with customers (continued)

For the year ended 31 December 2019

Segments	TV and other products *HK$'000* *(restated)*	Internet business *HK$'000* *(restated)*	Total *HK$'000* *(restated)*
Type of goods or services			
Sale of goods	35,709,056	28,696	35,737,752
Video-on-demand services	–	121,030	121,030
Advertising, value-added and other services	–	476,450	476,450
Total revenue from contracts with customers	35,709,056	626,176	36,335,232
Geographical markets			
Mainland China	14,203,620	416,136	14,619,756
Europe	2,826,222	–	2,826,222
North America	10,973,203	37,838	11,011,041
Emerging markets	7,706,011	172,202	7,878,213
Total revenue from contracts with customers	35,709,056	626,176	36,335,232
Timing of revenue recognition			
Goods transferred at a point in time	35,709,056	28,696	35,737,752
Services transferred over time	–	121,030	121,030
Services transferred at a point in time	–	476,450	476,450
Total revenue from contracts with customers	35,709,056	626,176	36,335,232

7. FINANCE COSTS

	2020 *HK$'000*	2019 *HK$'000* *(restated)*
Interest on:		
Bank and other loans	**212,299**	117,740
Loans from a company controlled by TCL Technology Group Corporation ("TCL Technology")	**345**	–
Loans from companies controlled by TCL Industries Holdings Co., Ltd. ("TCL Holdings")	**15,391**	121
Discounted bills receivable from a company controlled by TCL Technology	**132**	–
Discounted bills receivable from an associate	**–**	3,898
Imputed interests on financial liability arising from put option	**8,118**	–
Interest expense on lease liabilities	**7,484**	7,120
Total finance costs for the year from continuing operations	**243,769**	128,879

8. PROFIT BEFORE TAX

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

	2020 *HK$'000*	2019 *HK$'000* *(restated)*
Cost of inventories sold	**41,290,719**	28,892,070
Depreciation of property, plant and equipment	**217,584**	164,099
Depreciation of investment properties	**6,868**	3,374
Depreciation of right-of-use assets	**116,671**	85,108
Depreciation of other assets	**1,489**	1,581
Research and development costs	**1,630,468**	750,682
Amortisation of other intangible assets	**161,944**	23,189
Lease payments not included in the measurement of lease liabilities	**77,949**	51,195
Auditor's remuneration	**13,119**	9,950
Employee benefits expenses (including directors' remuneration):		
Wages and salaries	**3,942,518**	2,672,620
Equity-settled share option expense	**14,298**	35,560
Employee share-based compensation benefits under the Award Scheme	**7,700**	33,108
Share award benefits of a subsidiary	**89,629**	–
Defined contribution expenses	**197,717**	239,346
	4,251,862	2,980,634
Foreign exchange differences, net	**(171,236)**	(43,727)
Impairment of financial assets:		
Impairment of trade receivables, net	**15,636**	21,153
Impairment of other receivables, net	**20,410**	1,829
	36,046	22,982

	2020	2019
	HK$'000	*HK$'000*
		(restated)
Impairment of property, plant and equipment**	**6,410**	2,167
Impairment of other intangible assets**	**2,428**	–
Write-down/(reversal) of inventories to net realisable value	**(44,995)**	255,297
Realised gain on settlement of derivative financial instruments	**(205,583)**	(34,455)
Realised gain on settlement of financial assets at fair value through profit or loss	**(77,997)**	(57,103)
Rental income, net	**(15,682)**	(16,318)
Interest income	**(276,878)**	(93,468)
Government grants*:		
Credited to other income and gains	**(515,325)**	(166,264)
Deducted from cost of sales and relevant expenses	**(71,014)**	(37,517)
	(586,339)	(203,781)
Fair value gains, net:		
Derivative instruments – transactions not qualifying as hedges	**(29,334)**	(19,671)
Financial assets at fair value through profit or loss	**(314)**	(13,044)
(Gain)/loss on disposal of items of property, plant and equipment, net	**(2,034)**	3,404**
(Gain)/loss on disposal of other intangible assets, net	**185****	(97)
(Gain)/loss on liquidation of subsidiaries	**(1,384)**	1,464**
Deemed gain on partial disposal of associates	**(82)**	(152,658)
Gain on partial disposal of an associate	**(787,941)**	–
Gain on disposal of associates	**(14,252)**	(38,782)
(Gain)/loss arising from remeasurement and deemed disposal of previously held interests in step acquisition of subsidiaries	**23,688**	(787,394)
Impairment of investment in an associate	**–**	68**
Gain on liquidation of an associate	**(227)**	–
Gain on bargain purchase of subsidiaries	**–**	(12,214)
Restructuring cost provision, net	**129**	98
Product warranty provision, net	**488,402**	549,171

Notes:

* Various government grants have been received related to the Group's day-to-day activities. Government grants including value-added tax refund and national patent subsidies are recorded in "Other income and gains" in the consolidated statement of the profit and loss. There are no unfulfilled conditions or contingencies relating to these grants.

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

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary (2019: one subsidiary) of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2019: HK$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2019: 8.25%) and the remaining assessable profits are taxed at 16.5% (2019: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2020 ***HK$'000***	2019 *HK$'000* *(restated)*
Current – Hong Kong		
Charge for the year	**37,832**	5,178
Underprovision/(Overprovision) in prior years	**270**	(48)
Current – Elsewhere		
Charge for the year	**173,527**	99,634
Underprovision in prior years	**7,866**	401
Deferred	**(33,560)**	23,072
Total tax charge for the year from continuing operations	**185,935**	128,237

10. DISCONTINUED OPERATIONS

On 29 June 2020, the Company and T.C.L. Industries (H.K.) entered into a conditional share transfer agreement, pursuant to which T.C.L. Industries (H.K.) has conditionally agreed to acquire from the Company and the Company has conditionally agreed to transfer to T.C.L. Industries (H.K.) its 100% equity interest in Moka International, at a consideration of RMB2,500,000,000 ("Moka International Disposal"), which was satisfied in cash. Moka International and its subsidiaries (collectively, "Moka International Group") are principally engaged in TV ODM business. The Moka International Disposal had been completed on 31 August 2020.

On 14 September 2020, CI Tech entered into an equity transfer agreement with an independent third party, pursuant to which CI Tech agreed to sell, and the independent third party agreed to acquire 100% equity interest in New Technology (Huizhou) at the consideration of RMB80,092,000 ("New Technology (Huizhou) Disposal"), which was satisfied in cash. New Technology (Huizhou) is principally engaged in safety and inspection equipment business. The New Technology (Huizhou) Disposal had been completed on 23 September 2020.

The Moka International Disposal and the New Technology (Huizhou) Disposal constitute discontinued operations in TV ODM business and safety and inspection equipment business respectively.

The results and net gain on disposal of discontinued operations for the year are presented below:

	2020	2019
	HK$'000	*HK$'000*
Revenue	**6,796,477**	10,655,907
Cost of sales	**(6,332,486)**	(9,929,005)
Gross profit	**463,991**	726,902
Other income and gains	**89,667**	464,163
Selling and distribution costs	**(129,589)**	(186,521)
Administrative expenses	**(151,811)**	(222,077)
Research and development costs	**(133,014)**	(236,467)
Other operating expenses	**–**	(3,351)
Impairment losses on financial assets, net	**1,919**	(4,486)
	141,163	538,163
Finance costs	**(6,326)**	(9,276)
Profit before tax from discontinued operations	**134,837**	528,887
Income tax:		
Related to pre-tax profit	**(26,169)**	(71,051)
	108,668	457,836
Net gain on disposal of discontinued operations	**1,643,548**	–
Profit for the year from discontinued operations	**1,752,216**	457,836

	2020	2019
Earnings per share from discontinued operations:		
Basic	**HK75.18 cents**	HK20.10 cents
Diluted	**HK74.12 cents**	HK19.73 cents

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

	2020	2019
Profit attributable to ordinary equity holders of the parent from discontinued operations	**HK$1,752,216,000**	HK$457,836,000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation *(note 12)*	**2,330,839,467**	2,278,121,477
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation *(note 12)*	**2,364,105,060**	2,320,291,738

11. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Interim dividend – HK9.70 cents (2019: HK10.56 cents) per ordinary share	**230,029**	249,275
Proposed final dividend – HK11.50 cents (2019: HK10.60 cents) per ordinary share	**282,035**	250,502
	512,064	499,777

The interim dividend for the six months ended 30 June 2020 was HK9.70 cents (2019: HK10.56 cents) per ordinary share and the total amounts declared and paid are HK$230,029,000 and HK$230,237,000 (2019: HK$249,275,000 and HK$241,374,000) respectively.

The above amount of proposed final dividend for the year ended 31 December 2020 was calculated based on the number of shares of the Company as at 31 December 2020 for illustration. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting ("AGM"). These consolidated financial statements do not reflect this dividend payable.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,330,839,467 (2019: 2,278,121,477) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2020	2019
	HK$'000	*HK$'000*
		(restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations:		
From continuing operations	**1,847,226**	1,825,580
From discontinued operations	**1,752,216**	457,836
	3,599,442	2,283,416

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue less shares held for Award Scheme during the year used in the basic earnings per share calculation	**2,330,839,467**	2,278,121,477
Effect of dilution – weighted average number of ordinary shares:		
Share options	**15,454,669**	7,434,495
Awarded shares	**17,810,924**	34,735,766
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**2,364,105,060**	2,320,291,738

13. TRADE RECEIVABLES

	Note	**2020**	2019
		HK$'000	*HK$'000*
Due from third parties		**7,271,930**	4,224,931
Due from related parties:			
Companies controlled by TCL Holdings	(a)	**2,042,688**	1,127,792
Affiliates of TCL Holdings	(a)	**6,267**	4,021
Companies controlled by TCL Technology	(a)	**190,745**	155,578
Affiliates of TCL Technology	(a)	**–**	4,612
Joint ventures	(a)	**130,570**	80,448
Associates	(a)	**1,137,743**	322,487
Other related parties	(a)	**229,665**	264,948
		3,737,678	1,959,886
Impairment allowance		**(158,240)**	(190,974)
		10,851,368	5,993,843

Note:

(a) As at 31 December 2020 and 2019, the amounts were interest-free, unsecured and repayable within one year.

The majority of the Group's sales in the PRC are conducted on a cash-on-delivery basis or on commercial bills guaranteed by banks within credit periods ranging from 30 to 90 days. For overseas sales, the Group usually requires settlement by letters of credit with tenures ranging from 90 to 180 days. Sales to certain long term strategic customers were made on the open-account basis with credit terms of no more than 180 days.

Save for those amounts due from related parties, 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 collaterals or other credit enhancements over its trade receivables. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are receivables to be factored of HK$549,631,000 (2019: HK$95,770,000), as well as the assets and the associated liabilities representing the extent of the Group's continuing involvement in the factored trade receivables of which the Group neither retained nor transferred substantially all of the risks and rewards, amounted to HK$6,808,000 (2019: Nil). The above receivables are classified as financial assets at fair value through profit or loss. The remaining trade receivables with gross carrying amount of HK$10,453,169,000 (2019: HK$6,089,047,000) are measured at amortised cost.

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

	2020	2019
	HK$'000	*HK$'000*
Current to 90 days	**8,774,198**	5,243,566
91 to 180 days	**981,656**	375,080
181 to 365 days	**120,536**	156,633
Over 365 days	**1,133,218**	409,538
	11,009,608	6,184,817
Impairment allowance	**(158,240)**	(190,974)
	10,851,368	5,993,843

14. TRADE PAYABLES

		2020	2019
	Note	***HK$'000***	*HK$'000*
Due to third parties		**9,598,711**	6,196,867
Due to related parties:			
Companies controlled by TCL Holdings	(a)	**1,440,688**	489,474
Affiliates of TCL Holdings	(a)	**487,038**	453,969
Companies controlled by TCL Technology	(a)	**2,837,266**	2,204,564
Affiliates of TCL Technology	(a)	**–**	30,734
Joint ventures	(a)	**–**	278
Associates	(a)	**51,476**	16,791
Other related parties	(a)	**1,959**	3,721
		4,818,427	3,199,531
		14,417,138	9,396,398

Note:

(a) As at 31 December 2020 and 2019, the amounts were interest-free, unsecured and repayable within one year.

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

	2020	2019
	HK$'000	*HK$'000*
Current to 90 days	**13,236,751**	8,885,987
91 to 180 days	**768,348**	217,802
181 to 365 days	**162,076**	79,237
Over 365 days	**249,963**	213,372
	14,417,138	9,396,398

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

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2020	2019
	HK$'000	*HK$'000*
Current		
Bank loans – unsecured	**4,522,538**	1,486,171
Trust receipt loans – unsecured	**–**	142,349
Other loans – unsecured	**59,405**	20,092
Advances from banks as consideration for factored receivables	**6,808**	–
	4,588,751	1,648,612
Non-current		
Bank loans – unsecured	**836,651**	89,286
Other loans – unsecured	**21,386**	–
	858,037	89,286
	5,446,788	1,737,898
Analysed into:		
Bank and other loans repayable:		
Within one year or on demand	**4,588,751**	1,648,612
In the second year	**757,511**	669
In the third to fifth years	**100,526**	88,617
	5,446,788	1,737,898

Notes:

(a) As at 31 December 2020 and 2019, the carrying amounts of the Group's bank and other borrowings approximated to their fair values.

(b) TCL Holdings together with TCL Technology have guaranteed certain of the Group's bank loans up to HK$2,687,453,000 (2019: HK$311,473,000) and TCL Technology has individually guaranteed certain of the Group's bank loans up to HK$1,726,855,000 (2019: HK$399,207,000) as at the end of the reporting period.

16. SHARE CAPITAL

	2020	2019
	HK$'000	*HK$'000*
Authorised:		
3,000,000,000 (2019: 3,000,000,000) shares of HK$1.00 each	**3,000,000**	3,000,000
Issued and fully paid:		
2,452,481,691 (2019: 2,363,224,646) shares of HK$1.00 each	**2,452,482**	2,363,225

During the year, the subscription rights attaching to 40,973,475, 19,802,715, 4,986,707, 4,974,819, 16,177,305 and 2,342,024 share options were exercised at the subscription prices of HK$3.3918, HK$4.4834, HK$4.3860, HK$3.7329, HK$4.1520 and HK$3.5700 per share, respectively, resulting in the issue of an aggregate of 89,257,045 shares of HK$1.00 each for a total cash consideration of HK$343,729,000 before expenses.

17. COMPARATIVE AMOUNTS

As explained in note 4 to the financial statements, retrospective adjustments arising from prior year provisional accounting was made, and certain items and balances in prior year financial statements and explanatory notes have been restated. As mentioned in note 10 to the financial statements, the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period. In addition, certain comparative amounts have been restated to conform with current year's presentation and disclosures.

OTHER INFORMATION

PURCHASES, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the shares of the Company for the year ended 31 December 2020.

EVENT AFTER THE REPORTING PERIOD

During the period from 3 March 2021 to 4 March 2021, TCL King (Huizhou) further sold 8,222,400 Amlogic Shares (representing approximately 2% of the total issued Amlogic Shares as at 4 March 2021) in the open market at an average price of approximately RMB79.36 per share for an aggregate consideration of approximately RMB652.51 million (equivalent to approximately HK$781.90 million) (before transaction costs), which was receivable in cash on settlement. For details, please refer to the Company's announcement dated 4 March 2021.

FINAL DIVIDEND

The Board has proposed a final dividend for the year ended 31 December 2020, of HK11.50 cents (2019: HK10.60 cents) in cash per share. Subject to approval at the forthcoming AGM on 21 May 2021, Friday, the said final dividend will be payable on or about 9 July 2021, Friday to shareholders whose names appear on the register of members of the Company on 28 May 2021, Friday.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlements to attend and vote at the AGM, members of the Company must lodge the relevant transfer document(s) and share certificate(s) at the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 14 May 2021, Friday for registration. Members of the Company whose names are recorded in the register of members of the Company on 14 May 2021, Friday are entitled to attend and vote at the AGM.

The record date for determining the entitlements of the shareholders of the Company to the proposed final dividend is 28 May 2021, Friday. 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 share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on 28 May 2021, Friday. The Hong Kong register of members of the Company will be closed from 31 May 2021, Monday to 1 June 2021, Tuesday (both dates inclusive), during which no transfer of the Shares may be registered.

AGM

The AGM of the Company will be held on 21 May 2021, Friday. The notice of AGM will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") and despatched to the shareholders of the Company in due course.

CORPORATE GOVERNANCE

The Company has established and will continue to optimise its risk management and internal control system. The management reports to the Board and the subordinated audit committee ("Audit Committee") the governance situation and the improvement progress of the Company regularly to strengthen the collaboration on corporate governance between the Board and the management continuously, and fulfill their respective responsibilities in terms of corporate governance.

None of the Directors is aware of any information which would reasonably indicate that the Company had not, throughout the year ended 31 December 2020, complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("Listing Rules"), except for the deviation from the Code Provisions D.1.4, E.1.2 and F.1.1.

Under Code Provision D.1.4, all directors should clearly understand delegation arrangements in place, and the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.

The Company has no formal letters of appointment for Mr. Albert Thomas DA ROSA, Junior, being a non-executive Director, Mr. Robert Maarten WESTERHOF and Dr. TSENG Shieng-chang Carter, both being independent non-executive Directors. As the abovementioned three have been serving as Directors for a considerable period of time, a clear understanding of the terms and conditions of their appointment already exists between the Company and the Directors, and so there is no written record of the same. In any event, all Directors, including those without a letter of appointment and those appointed for a specific term, shall be subject to retirement by rotation in the manner prescribed under the articles of association of the Company and on re-election of the retiring Directors, shareholders of the Company are given information that is reasonably necessary for them to make an informed decision on the re-appointment of the relevant Directors.

Under Code Provision E.1.2, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. 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 business commitments which must be attended to by Mr. LI Dongsheng (being the chairman of the Board and an executive Director), he was not present at the annual general meeting held on 2 June 2020 ("2020 AGM"). However, Mr. LAU Siu Ki (being the chairman of the Audit Committee and an independent non-executive Director), Professor WANG Yijiang (being the chairman of the nomination committee of the Company and an independent non-executive Director) and Dr. TSENG Shieng-chang Carter (being the chairman of the remuneration committee of the Company and an independent non-executive Director) were present at the 2020 AGM to maintain an ongoing dialogue and communicate with the shareholders and encourage their participation.

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

The company secretary of the Company, Ms. CHOY Fung Yee ("Ms. CHOY") being a practising solicitor in Hong Kong and a partner of the Company's legal advisor, Messrs. Cheung Tong & Rosa Solicitors, is not an employee of the Company. From 1 January 2020 to 23 December 2020, the Company has assigned Mr. HU Lihua, the then executive Director and the then chief financial officer of the Company (who subsequently resigned as an executive Director and chief financial officer with effect from 23 December 2020), as the contact person with Ms. CHOY, and with effect from 23 December 2020, Mr. HU Dien Chien (appointed as an executive Director and chief financial officer of the Company with effect from 23 December 2020), the current executive Director and chief financial officer of the Company, replaced Mr. HU Lihua as the assigned contact person with Ms. CHOY. Information in relation to the performance, financial position and other major developments and affairs of the Group (including but not limited to the management monthly report to the Board) is speedily delivered to Ms. CHOY through the contact person assigned. Given the long-term relationship between Ms. CHOY and the Group, Ms. CHOY is very familiar with the operations of the Group and has an in-depth knowledge of the management of the Group. Having in place a mechanism that Ms. CHOY will get hold of the Group's development promptly without material delay and with her expertise and experience, the Board is confident that having Ms. CHOY as the company secretary of the Company is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations.

SCOPE OF WORK OF THE COMPANY'S AUDITOR ERNST & YOUNG ("EY")

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2020 as set out in the announcement have been agreed by EY to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY 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 EY in this announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2020, including the accounting principles adopted by the Group, with the Company's management. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. LAU Siu Ki (chairman), Dr. TSENG Shieng-chang Carter and Professor WANG Yijiang, all being independent non-executive Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a model code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiries have been made with all Directors who have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the year ended 31 December 2020.

COMPLIANCE WITH DEED OF NON-COMPETITION

The Company has received a confirmation (the "Deeds of Non-Competition Confirmation") from TCL Technology and T.C.L. Industries (H.K.) signed by each of them confirming that for the period from 1 January 2020 to 31 August 2020 (both dates inclusive but prior to the taking effect of the Deeds of Termination (as defined below)), each of them had fully complied with the deed of non-competition executed by them in favour of the Group on 15 November 1999 as amended from time to time (the "Deeds of Non-Competition").

The Company has received a confirmation (the "Deed of Non-Competition (2020) Confirmation") from TCL Holdings and T.C.L. Industries (H.K.) signed by each of them confirming that for the period from 31 August 2020 to 31 December 2020 (both dates inclusive but after the taking effect of the Non-Competition Deed (2020) (as defined below)), they have fully complied with the deed of non-competition executed by them in favour of the Company dated 29 June 2020 (the "Non-Competition Deed (2020)").

The Company has received a confirmation (the "Deed of Termination Confirmation") from TCL Technology signed by it confirming that for the period from 31 August 2020 to 31 December 2020 (both dates inclusive but after the taking effect of the Deed of Termination (as defined below)), it has fully complied with the deed of termination executed by and among TCL Technology, T.C.L. Industries (H.K.) and the Company dated 29 June 2020 (the "Deed of Termination").

The independent non-executive Directors have reviewed the Deeds of Non-Competition Confirmation, Deed of Non-Competition (2020) Confirmation and Deed of Termination Confirmation, and all of them are satisfied that the Deeds of Non-Competition, Deed of Non-Competition (2020) and Deed of Termination have been complied with during the aforementioned relevant periods of the year ended 31 December 2020.

ARRANGEMENT REGARDING QUARTERLY RESULTS

Reference is made to the announcement of the Company dated 31 August 2020 regarding the completion of the acquisition ("Acquisition") of 100% equity interest in TCL Communication and the disposal ("Disposal") of 100% equity interest in Moka International. Following the completion of the Acquisition and Disposal, in order to provide shareholders with prompt and transparent information as to the impact of the Acquisition and Disposal to the Group, the Group published its quarterly results announcement for the three months and nine months ended 30 September 2020 of the Company on 17 November 2020. Nevertheless, for the reasons set out under the section "Discontinuation of publication of quarterly results" in the interim results announcement of the Company dated 27 July 2017, the Company has no intention to continue the announcement and publication of the quarterly financial results for the first three-month and nine-month periods of each financial year for the Group. The Company will continue to engage in timely and active communications with and provide access to its shareholders and potential investors.

On behalf of the Board
LI Dongsheng
Chairman

Hong Kong, 25 March 2021

The English translation of Chinese names or words in this announcement, where indicated by "", is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

As at the date of this announcement, the Board comprises Mr. LI Dongsheng, Mr. WANG Cheng, Mr. YAN Xiaolin and Mr. HU Dien Chien as executive Directors, Mr. Albert Thomas DA ROSA, Junior, Mr. SUN Li, and Mr. LI Yuhao as non-executive Directors and Mr. Robert Maarten WESTERHOF, Dr. TSENG Shieng-chang Carter, Professor WANG Yijiang and Mr. LAU Siu Ki as independent non-executive Directors.