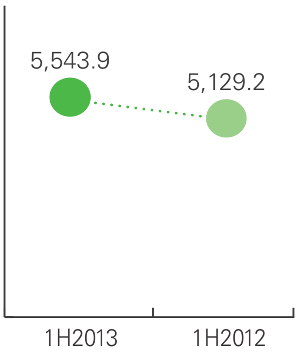
TRANS

TPV TECHNOLOGY LIMITED 冠 捷 科 技 有 限 公 司 (Incorporated in Bermuda with limited liability) INTERIM REPORT **2013**

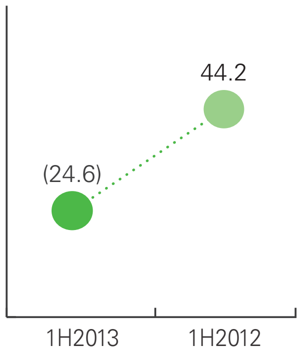
CONTENTS

Financial Highlights

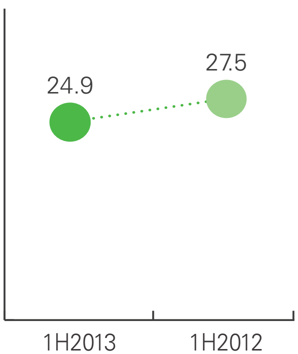
REVENUE
(US$ Million)



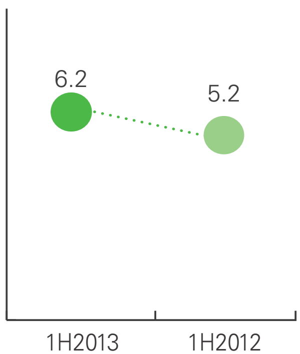
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(US$ Million)



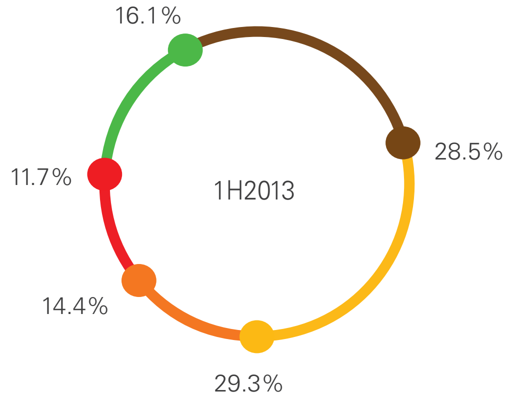
MONITORS
(Million Units)

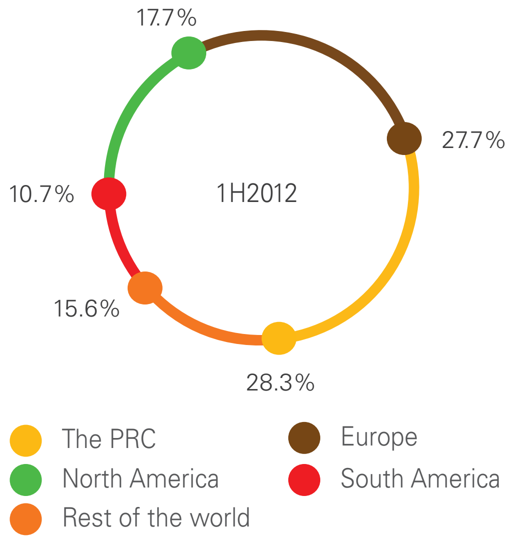


LCD TVs
(Million Units)



REVENUE CONTRIBUTION BY GEOGRAPHICAL MARKET
Percentage (%)





BUSINESS REVIEW

The TV and IT markets have remained sluggish since the latter part of last year. Demand for LCD TVs in developed regions, particularly Western Europe, was extremely weak during the period under review, with unit shipments declining by 20 percent year-on-year. Meanwhile, the picture was only slightly better in the US. It wasn't so bright in the emerging markets either, where most of the global growth used to come from. China just beat the market's expectations with a year-on-year increase of 18.4 percent to 22.9 million units. However, demand there slowed down as the months went by, and unit shipments even went into decline after the government ended its energy-saving subsidy program in May. The growth of shipments to South America also decelerated likewise stalled, from 20.4 percent in the first half of 2012 to only 4.8 percent in the same period this year, owing to the region's weaker economies and currencies. The IT sector also suffered from lower corporate spending and a weak retail market for PCs and peripherals.

These factors adversely impacted TPV's performance during the first half of 2013. The Group's revenue increased by 8 percent to US$5.5 billion (1H2012: US$5.1 billion) on a consolidated basis, and its gross profit (GP) margin grew to 7.9 percent (1H2012: 6.8 percent). However, a decrease in its overall shipments, volatile exchange rates and one-time charges that were booked for restructuring projects resulted in it recording a loss of US$24.6 million after tax (1H2012: a profit of US$44.2 million). This was the first time in the Company's history that it has dipped into the red for two consecutive quarters.

During the period under review, the Group's TV business continued to face challenges. The steep decline in demand in Europe and the loss of growth momentum in South America seriously affected its performance. On the other hand, TPV's presence in the Chinese TV market was too small to benefit much from that market's impetus. TPV shipped a total of 6.2 million units in the first six months of 2013, 18.2 percent more than the 5.2 million units it shipped in the corresponding period last year. Yet this growth was less than the Group had anticipated. The TV segment's revenue amounted to US$2,251.4 million, a 31-percent rise year-on-year (1H2012: US$1,718.6 million), with the average selling price (ASP) remaining stable at US$366.10 (1H2012: US$330.40). On the other hand, its GP margin was 10 percent (1H2012: 8.8 percent) and its GP per set averaged US$36.70 (1H2012: US$29.10). The higher revenue and GP brought about by the consolidation of the Philips TV business were insufficient to cover the segment's much-increased costs, and it therefore suffered an operating loss of US$33.3 million.

The monitor segment's performance was also unsatisfactory, mainly due to the growing popularity of tablet and mobile devices and a general weakness in the technology markets of Brazil, China and other emerging markets, combined with the European market's poor showing. Nevertheless, demand did begin to stabilize in the latter half of the second quarter. TPV's shipments declined by 9.3 percent year-on-year to 24.9 million units during the first six months (1H2012: 27.5 million units) and its segment revenue amounted to US$2,604.2 million (1H2012: US$2,770 million). The ASP was maintained at US$104.60 (1H2012: US$100.90). The GP margin was 7 percent (1H2012: 6.5 percent), and the GP per set averaged US$7.30 (1H2012: US$6.60), both improved from last year.

BUSINESS REVIEW (CONTINUED)

Since April 2012, the Group has carried out major restructuring projects to create cost synergy within TP Vision and the Group. These projects were essential in order to maintain the Group's long-term growth and its cost competitiveness. They included the closure of TP Vision's research and development (R&D) center in Singapore and its replacement with an enlarged engineering team in Bangalore, India, in order to strengthen the Group's firmware and software capability. Meanwhile, the Group's R&D team in Xiamen was also expanded to take over the design development needed to support the Philips TV business. On the other hand, the Group is consolidating its engineering capability in Bruges, Belgium, and Eindhoven, the Netherlands, in order to create a single R&D hub in Ghent, Belgium. These initiatives aim to pool the engineering resources needed for high-end innovation activities in one location.

On the manufacturing front, a project is now underway to consolidate the production bases of TP Vision and TPV in Manaus, Brazil, with the aim of enhancing and optimizing their operational efficiency with shared production lines and back-end functions. This is scheduled for completion by the end of the third quarter. Immediately after this, TP Vision's production capacity in Hungary will be consolidated into the TPV plant in Poland early next year in order to reap the benefits of scale.

Finally, TP Vision's SAP-based IT system was successfully integrated with TPV's in April this year. This was a major milestone in achieving the Group's cost-trimming and efficiency-enhancement objectives.

Furthermore, the significant devaluation of emerging market currencies — including the Brazilian Real, Indian Rupee and Russian Ruble — in the past few months has hit the Group's profitability and made inventory management and pricing more difficult. Although the Group has a strict hedging policy in place, the volatile market and weakness of these local currencies has inevitably brought additional costs and dented its earnings.

OUTLOOK

The outlook for the demand for LCD TVs in developed markets during the rest of 2013 remains hazy. Low-single-digit year-on-year growth is the best that can be expected. The growth of demand in emerging markets is also expected to slow in the second half of the year. The Group will therefore maintain a conservative approach to business development and make inventory management a top priority. It will also focus on refining its production plans and marketing strategies, with the aim of optimizing its cash flow.

The prevailing conditions — such as weak demand, excess inventory in the supply chain and unfavorable currency movements — pose a number of challenges for the Group. Indeed, as previously mentioned, this is the first time it has recorded a loss for two consecutive quarters. However, even though it may take some time for the Group to surmount the current difficulties posed by the macro-business environment, we feel confident about its long-term future. In particular, we feel sure that the projects currently being undertaking to transform and integrate its operations will ultimately strengthen its position in the industry, and enable it to reap substantial benefits when market conditions improve.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30th June 2013, the Group's cash and bank balances and pledged bank deposits totaled US$223.9 million (31st December 2012: US$501.7 million). Credit facilities secured from banks totaled US$4.5 billion (31st December 2012: US$4.4 billion), of which US$1.6 billion was utilized (31st December 2012: US$1.5 billion).

Except for a 3-year RMB Bond the Group issued back in 2011 at a fixed coupon rate of 4.25 percent per annum, all borrowings were at floating rate. The maturity profile of the Group's borrowings and loans as of 30th June 2013 was as follows:

Duration	**30th June 2013 US$'000**	31st December 2012 US$'000
Within one year	**358,956**	142,867
Between two and five years	**198,880**	279,485
Wholly repayable within five years	**557,836**	422,352

As at 30th June 2013, inventory turnover days increased to 60.7 days from 40.6 days as at 31st December 2012. Trade receivables turnover days shortened to 71.3 days (31st December 2012: 71.9 days) and trade payables turnover days lengthened to 84.2 days (31st December 2012: 72.6 days) respectively.

The Group's gearing ratio, representing the ratio of total borrowings to total assets rose to 15.9 percent as compared to 12.2 percent at the end of 2012. Current ratio was at a healthy 115.6 percent (31st December 2012: 121.6 percent).

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department ("Group Treasury") under policies approved by the Board of Directors. Group Treasury identifies, evaluates and mitigates financial risks in close co-operation with the Group's operating units. The Group has written principles approved by the Board for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and cash management.

FOREIGN EXCHANGE RISK

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currencies. Entities in the Group manage the amount of financial assets and liabilities denominated in foreign currencies together with the use of foreign exchange forward contracts and cross currency swaps to manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

As at 30th June 2013, the total notional principal amounts of the Group's outstanding foreign exchange forward contracts were as follows:

	30th June 2013 US$'000	31st December 2012 US$'000
Sell Renminbi for US dollar	**903,750**	557,680
Sell US dollar for Renminbi	**903,750**	553,000
Sell Japanese yen for US dollar	**—**	1,500
Sell Euro for US dollar	**927,498**	863,486
Sell Brazilian real for US dollar	**216,666**	268,150
Sell Indian rupee for US dollar	**—**	75,500
Sell Polish zloty for US dollar	**—**	40,000
Sell Russian ruble for US dollar	**99,869**	229,298
Sell Mexican peso for US dollar	**1,700**	5,400
Sell British pound for US dollar	**11,040**	20,057
Sell New Taiwan dollar for US dollar	**2,000**	—
Sell US dollar for New Taiwan dollar	**—**	850
Sell US dollar for Euro	**24,998**	6,000
Sell Euro for Singapore dollar	**5,835**	7,363
Sell Euro for Hungarian forint	**4,528**	5,912
Sell Euro for Swedish krona	**367**	2,115
Sell Euro for Danish krone	**—**	1,418
Sell Euro for Norwegian krone	**235**	1,037
Sell Euro for Czech koruna	**101**	672
Sell Euro for Russian ruble	**5,487**	—
Sell Euro for Swiss franc	**3,074**	—
Sell Euro for Polish zloty	**300**	—
Sell Euro for British pound	**320**	—

FOREIGN EXCHANGE RISK (CONTINUED)

	30th June 2013 US$'000	31st December 2012 US$'000
Sell Polish zloty for Euro	33,820	28,356
Sell Swiss franc for Euro	27,731	27,335
Sell Russian ruble for Euro	41,469	27,050
Sell Hungarian forint for Euro	10,574	8,107
Sell British pound for Euro	17,548	8,008
Sell Singapore dollar for Euro	—	6,888
Sell Czech koruna for Euro	9,102	6,210
Sell Danish krone for Euro	11,749	5,701
Sell Norwegian krone for Euro	3,599	2,235
Sell Swedish krona for Euro	—	298

WORKFORCE

As at 30th June 2013, TPV employed 34,023 people (31st December 2012: 33,739) worldwide. Our employees are regarded as TPV's most valuable assets, and they were remunerated in accordance with industry practice in the locations where they worked. The Group plans to continue along the road of self-enhancement by providing regular training for staff members and encouraging them to engage in lifelong learning, thereby enhancing its long-term competitiveness. By also ensuring a fair and inclusive working environment for its increasingly diversified workforce, the Group has positioned itself to attract and retain talented people from different cultural backgrounds.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30th June 2013, the interests of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO including interests and short positions in which they were taken or deemed to have under such provisions of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Exchange pursuant to Appendix 10 — Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Exchange (the "Listing Rules") were as follows:

Interests in ordinary shares of US$0.01 each of the Company

Name of director/chief executive	Type of interest	Number of shares held (long position)
Dr Hsuan, Jason	Corporate (Note 1)	24,754,803

Notes:

(1) The interest of Dr Hsuan, Jason disclosed herein includes the holding of 24,754,803 shares by Bonstar International Limited, a company beneficially and wholly-owned by Dr Hsuan, Jason.

(2) The interests of directors in share options of the Company are detailed in the paragraph headed "Share Option".

Save as disclosed above and in the paragraph headed "Share Option", as at 30th June 2013, none of the directors and chief executive of the Company had or was deemed to have any interest or short position in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company pursuant to the Model Code.

Saved as disclosed above, at no time during the six months ended 30th June 2013 was the Company, its subsidiaries, its fellow subsidiaries or its holding companies, a party to any arrangement to enable the directors of the Company or any of their spouses or children under 18 years of age to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other corporations.

As at 30th June 2013, the Group is controlled by China Electronics Corporation ("CEC"), which indirectly owns 35.06% of the Company's shares. The directors regard CEC, a state-owned enterprise established under the laws of the PRC, as being the ultimate holding company of the Company. CEC is an enterprise directly administered by State-owned Assets Supervision and Administration Commission of the State Council.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June 2013, so far as was known to the directors or chief executive of the Company, the following persons (not being a director or chief executive of the Company) had an interest in the shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company pursuant to section 336 of the SFO:

Interest in ordinary shares of US$0.01 each of the Company

Name of shareholder	Number of shares held (long position)
CEC	822,408,647 (Notes 1, 2)
China Great Wall Computer Group Company	570,450,000 (Notes 1, 2)
Great Wall Technology Company Limited ("GWT")	570,450,000 (Notes 1, 2)
China Great Wall Computer Shenzhen Co., Ltd. ("CGCSZ")	570,450,000 (Notes 1, 2)
China Great Wall Computer (H.K.) Holding Limited ("CGCHK")	370,450,000 (Notes 1, 2)
China National Electronics Imp. & Exp. Corporation	251,958,647 (Notes 1, 2)
CEIEC (H.K.) Limited ("CEIEC HK")	251,958,647 (Notes 1, 2)
Mitsui & Co., Ltd. ("Mitsui")	473,482,590 (Note 2)
Innolux Corporation ("Innolux")	150,500,000 (Note 3)
Chimei Corporation ("CMC")	150,500,000 (Note 3)

Notes:

(1) CGCHK, CGCSZ and CEIEC HK are the registered holders of the aggregate of 822,408,647 Shares held within the CEC Group, of which 370,450,000 Shares are held by CGCHK, 200,000,000 Shares are held by CGCSZ, and 251,958,647 Shares are held by CEIEC HK. CGCHK is a wholly-owned subsidiary of CGCSZ. CGCSZ is owned as to 53.92% by GWT. GWT is a company owned as to 62.11% by China Great Wall Computer Group Company, which is a wholly-owned subsidiary of CEC. CEIEC HK is an indirect wholly-owned subsidiary of CEC.

(2) CEC, CEIEC HK and Mitsui are parties to a consortium agreement dated 28 January 2010 (the "Consortium Agreement") and to a shareholders' agreement dated 28 January 2010 (the "Shareholders' Agreement"). The Consortium Agreement and the Shareholders' Agreement are agreements to which S.317(a) of the SFO applies. CEC and Mitsui are acting in concert with each other in respect of their aggregate 1,295,891,237 Shares.

(3) These Shares are held by Innolux. Innolux is owned as to 13.57% by CMC, and as to 3.57% by Linklinear Development Co. Ltd., which in turn is owned as to 54.22% by CMC.

SHARE OPTION

At the annual general meeting held on 15th May 2003, shareholders of the Company approved the adoption of a new share option scheme (the "New Scheme") in place of the Company's share option scheme adopted on 21st September 1999 (the "Previous Scheme") such that no further options should thereafter be granted under the Previous Scheme. The Previous Scheme and the New Scheme expired on 20th September 2009 and 14th May 2013 respectively.

During the six months ended 30th June 2013, no share options have been granted or cancelled.

Particulars of outstanding options under the New Scheme at the beginning and at the end of the financial period for the six months ended 30th June 2013 and options exercised and lapsed during the period were as follows:

					Number of options		
	Date of grant	Exercise Price HK$	Exercisable Period	As at 1st January 2013	Exercised	Lapsed	As at 30th June 2013
Director							
Dr Hsuan, Jason	18/01/2011	5.008 (Note 1)	18/01/2012–17/01/2021	150,000	—	—	150,000
			18/01/2013–17/01/2021	150,000	—	—	150,000
			18/01/2014–17/01/2021	150,000	—	—	150,000
			18/01/2015–17/01/2021	150,000	—	—	150,000
Employees	18/01/2011	5.008 (Note 1)	18/01/2012–17/01/2021	9,870,000	—	(200,000)	9,670,000
			18/01/2013–17/01/2021	9,870,000	—	(200,000)	9,670,000
			18/01/2014–17/01/2021	9,870,000	—	(200,000)	9,670,000
			18/01/2015–17/01/2021	9,870,000	—	(200,000)	9,670,000
				40,080,000	—	(800,000)	39,280,000

Note:

(1) These options are exercisable at HK$5.008 (US$0.64) per share in four tranches: the maximum percentage of share options exercisable within the periods commencing from 18th January 2012 to 17th January 2021, from 18th January 2013 to 17th January 2021, from 18th January 2014 to 17th January 2021 and from 18th January 2015 to 17th January 2021 are 25 percent, 50 percent, 75 percent and 100 percent respectively.

BUSINESS COMBINATION

Details of business combination of the Group is set out in note 20 to the financial information.

CONTINGENT LIABILITIES

Details of contingent liabilities was discussed in note 18 to the financial information.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the six months ended 30th June 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE CODE

The Company is committed to ensuring and maintaining high standards of corporate governance practices and procedures.

The Company has complied with the code provision set out in the Corporate Governance Code ("the CG Code") contained in Appendix 14 of the Listing Rules during the six months period ended 30th June 2013, except for deviations from code provisions A.2.1 and A.4.1 of the CG Code, the reasons for which are explained below.

The Board will continue to review and further improve the Company's corporate governance practices and standards, so as to ensure that its business activities and decision-making processes are regulated in a proper and prudent manner.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

Dr Hsuan, Jason currently holds the offices of chairman and chief executive officer of the Company. The Board believes that vesting the roles of both positions in Dr Hsuan provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective supervision of the management. Such a structure provides many of the benefits of having a separate chairman and chief executive officer. It includes:

Chairman and Chief Executive Officer (Continued)

— Having a majority of non-executive directors and independent non-executive directors on the Board;

— Having an Audit Committee consisting solely of independent non-executive directors;

— Having a majority of independent non-executive directors on the Remuneration Committee and Nomination Committee; and

— Ensuring that independent non-executive directors have free and direct access to the Company's management, internal audit division, external auditors and independent professional advisers, whenever it is considered necessary.

The Board believes that these measures will ensure that independent non-executive directors continue to monitor the Group's management and review and provide recommendations on key issues relating to strategy, risk and integrity in an efficient manner. The Board continuously reviews the effectiveness of the Group's corporate governance structure, in order to assess whether any changes, including the separation of the roles of chairman and chief executive officer, are necessary.

Re-election of Directors

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The Company's non-executive directors are not appointed for a specific term. However, one-third of all the directors of the Company for the time being are subject to retirement by rotation at each annual general meeting, pursuant to bye-law 99 of the Bye-laws of the Company. The Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those stipulated in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by directors of the Company (the "Internal Rules"), the terms of which no less exacting than the required standards set out in the Model Code in the Listing Rules.

Specific enquiries have been made with all the directors, who have confirmed that they complied with the required standards set out in the Model Code and in the Internal Rules during the six months ended 30th June 2013.

Relevant employees who are likely to be in possession of unpublished price-sensitive information regarding the Group are subject to compliance with the Company's Code for Securities Transactions by Relevant Employees (the "RE Code") in respect of their dealings in the securities of the Company. The terms of the RE Code are likewise no less exacting than the required standards set out in the Model Code.

AUDIT COMMITTEE

The Company has established the Audit Committee with specific written terms of reference that are in line with the relevant provisions of the CG Code. The terms of reference of the Audit Committee adopted by the Board are published on the websites of the Company, the Exchange and Singapore Exchange Ltd. ("SGX").

The Audit Committee regularly meets the external auditors to discuss any areas of concern regarding the audits and review. It reviews the quarterly, interim and annual results before these are submitted to the Board. In reviewing the Group's financial results, the Committee focuses not only on the impact of changes in accounting policies and practices, but also on compliance with accounting standards, Listing Rules and legal requirements.

The Company provides the Audit Committee with sufficient resources, including the advice of the external auditors and internal auditors at the Company's expense, to enable it to discharge its duties.

The Audit Committee is chaired by Mr Chan Boon Teong. The other members include Dr Ku Chia-Tai and Mr Wong Chi Keung. All of whom are independent non-executive directors of the Company.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee with specific written terms of reference that are in line with the relevant provisions of the CG Code. The terms of reference of the Remuneration Committee adopted by the Board are published on the websites of the Company, the Exchange and SGX.

The Remuneration Committee determines, with delegated responsibility, the remuneration packages of individual executive director and senior management.

The Remuneration Committee is chaired by Mr Chan Boon Teong, an independent non-executive director who also serves as chairman of the Audit Committee. The other members include Dr Ku Chia-Tai and Mr Wong Chi Keung, both of whom are independent non-executive directors of the Company, Mr Lu Ming, a non-executive director of the Company and Dr Hsuan, Jason, the chairman and chief executive officer of the Company.

INVESTMENT COMMITTEE

The Company has established the Investment Committee with specific written terms of reference. The terms of reference of the Investment Committee adopted by the Board are published on the websites of the Company, the Exchange and SGX.

The Investment Committee is responsible for reviewing the investment evaluation policies, evaluating investment proposals and making recommendations to the Board. It also reviews and reports to the Board the performance, forecast and business plan of the investments on a regular basis.

The Investment Committee is chaired by Dr Hsuan, Jason, the chairman and chief executive officer of the Company. The other members include Mr Lu Ming, Ms Wu Qun and Mr Jun Nakagome, all of whom are non-executive directors of the Company and Mr Chan Boon Teong, an independent non-executive director of the Company.

NOMINATION COMMITTEE

The Company has established the Nomination Committee with specific written terms of reference that are in line with the relevant provisions of the CG Code. The terms of reference of the Nomination Committee adopted by the Board are published on the websites of the Company, the Exchange and SGX.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board of the Company and succession planning for the Directors.

The Nomination Committee is chaired by Dr Hsuan, Jason, the chairman and chief executive officer of the Company. The other members include Ms Wu Qun, a non-executive director of the Company and Mr Chan Boon Teong, Dr Ku Chia-Tai and Mr Wong Chi Keung, all of whom are independent non-executive directors of the Company.

INFORMATION DISCLOSURE COMMITTEE

The Company has established the Information Disclosure Committee on 21st March 2013 with specific written terms of reference.

The Information Disclosure Committee is responsible for reviewing any information which may give rise to disclosure obligations and making recommendations on disclosure decision to the board of directors of the Company or make any disclosure decision as delegated by the board.

The Information Disclosure Committee is chaired by Dr Jason Hsuan, the chairman and chief executive officer of the Company and other members include Mr Du Heping and Mr Jun Nakagome, both of them are non-executive directors of the Company, Mr Chan Boon Teong, an independent non-executive director of the Company (his alternate, Mr Wong Chi Keung) and Mr Shane Tyau, the vice president and chief financial officer of the Company.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial information for the six months ended 30th June 2013 have been reviewed by the Group's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has reviewed the interim results for the six months ended 30th June 2013.

INTERIM DIVIDEND

The Board does not recommend any interim dividend (six months ended 30th June 2012: US0.46 cent per share) for the six months ended 30th June 2013.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company gives high priority in ensuring our shareholders are provided with timely and equal access to accurate, complete and balanced information of the Company. The Board shall maintain open communications with shareholders and will regularly review its shareholders' communication policy to ensure its effectiveness.

The Company uses a number of formal communication channels to account for its performance to its shareholders, including annual reports and interim reports, quarterly results announcements, annual general meetings and video conferencing.

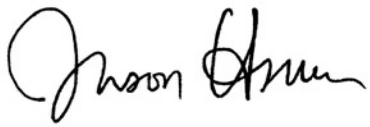
The management personnel responsible for investor relations hold regular meetings with the media, equity research analysts, fund managers and investors. The Company also holds periodic presentations, road shows and conference calls for the international investment community.

Detailed information about the Company, including all information released by the Company to the Exchange, press releases, presentation materials on financial results, general corporate information and information of our board members and senior management are also posted on the Company's website at www.tpv-tech.com.

BOARD COMPOSITION

As at the date of this report, the Board of the Company comprises one executive director, namely Dr Hsuan, Jason, and five non-executive directors, namely Mr Liu Liehong, Mr Lu Ming, Ms Wu Qun, Mr Du Heping and Mr Jun Nakagome, and three independent non-executive directors, namely Mr Chan Boon Teong, Dr Ku Chia-Tai and Mr Wong Chi Keung.

On behalf of the Board



Dr Hsuan, Jason
Chairman and Chief Executive Officer

Hong Kong, 22nd August 2013

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE 2013

	Note	Unaudited Six months ended 30th June 2013 US$'000	 2012 US$'000
Revenue	6	**5,543,941**	5,129,246
Cost of sales		**(5,107,676)**	(4,778,246)
Gross profit		**436,265**	351,000
Other income		**91,657**	65,449
Other gains — net		**5,515**	65,113
Selling and distribution expenses		**(269,951)**	(208,781)
Administrative expenses		**(120,935)**	(97,493)
Research and development expenses		**(138,025)**	(120,150)
Operating profit	6 & 7	**4,526**	55,138
Finance income		**1,885**	4,585
Finance costs		**(44,537)**	(20,273)
Finance costs — net	8	**(42,652)**	(15,688)
Share of (losses)/profits of:			
Associates		**(62)**	3,037
Joint ventures		**(317)**	(1,585)
(Loss)/profit before income tax		**(38,505)**	40,902
Income tax expense	9	**(6,693)**	(11,016)
(Loss)/profit for the period		**(45,198)**	29,886

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (CONTINUED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2013

	Note	Unaudited Six months ended 30th June **2013** **US$'000**	 2012 US$'000
(Loss)/profit attributable to:			
Owners of the Company		**(24,568)**	44,221
Non-controlling interests		**(20,630)**	(14,335)
		(45,198)	29,886
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company	10		
— Basic		**(US1.05) cents**	US1.89 cents
— Diluted		**(US1.05) cents**	US1.89 cents
Dividends	11	**—**	10,789

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE 2013

	Unaudited Six months ended 30th June 2013 US$'000	2012 US$'000 (Restated — Note 3)
(Loss)/profit for the period	**(45,198)**	29,886
Other comprehensive (loss)/income, net of tax		
Items that may be reclassified subsequently to profit or loss		
Fair value losses on available-for-sale financial assets, net of tax	**(109)**	(64)
Currency translation differences	**(25,932)**	(21,309)
Item that will not be reclassified to profit or loss		
Actuarial gains on pension obligations, net of tax	**163**	—
Other comprehensive loss for the period, net of tax	**(25,878)**	(21,373)
Total comprehensive (loss)/income for the period	**(71,076)**	8,513
Attributable to:		
— Owners of the Company	**(47,676)**	25,833
— Non-controlling interests	**(23,400)**	(17,320)
	(71,076)	8,513

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30TH JUNE 2013

	Note	Unaudited 30th June 2013 US$'000	31st December 2012 US$'000 (Restated — Note 3)
Assets			
Non-current assets			
Intangible assets	12	**594,907**	604,089
Property, plant and equipment	12	**661,982**	681,569
Land use rights	12	**73,753**	74,002
Investment properties	12	**38,178**	38,178
Investments in associates		**38,247**	36,787
Investments in joint ventures		**1,353**	1,781
Derivative financial instruments		**2,308**	2,839
Available-for-sale financial assets		**1,033**	1,158
Deferred income tax assets		**80,525**	67,448
Prepayments and other assets	13	**113,428**	56,814
		1,605,714	1,564,665
Current assets			
Inventories		**1,931,692**	1,455,949
Trade receivables	13	**2,002,144**	2,319,426
Deposits, prepayments and other receivables	13	**493,885**	574,223
Financial assets at fair value through profit or loss		**3,009**	4,153
Current income tax recoverable		**18,937**	15,635
Derivative financial instruments		**36,591**	12,713
Pledged bank deposits		**6,965**	3,865
Cash and cash equivalents		**216,900**	497,871
		4,710,123	4,883,835
Total assets		**6,315,837**	6,448,500

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30TH JUNE 2013

	Note	Unaudited 30th June 2013 US$'000	31st December 2012 US$'000 (Restated — Note 3)
Equity			
Equity attributable to owners of the Company			
Share capital	14	**23,456**	23,456
Other reserves		**1,781,925**	1,828,901
Dividends		**—**	22,753
		1,805,381	1,875,110
Non-controlling interests		**2,253**	22,014
Total equity		**1,807,634**	1,897,124
Liabilities			
Non-current liabilities			
Borrowings and loans	15	**198,880**	279,485
Deferred income tax liabilities		**13,350**	11,890
Pension obligations		**19,809**	19,210
Other payables and accruals	16	**200,978**	223,452
Derivative financial instruments		**889**	28
Restructuring provisions	17	**—**	1,585
		433,906	535,650

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30TH JUNE 2013

	Note	Unaudited 30th June 2013 US$'000	31st December 2012 US$'000 (Restated — Note 3)
Current liabilities			
Trade payables	16	**2,332,068**	2,370,845
Other payables and accruals	16	**1,223,458**	1,269,594
Current income tax liabilities		**20,940**	35,699
Warranty and restructuring provisions	17	**130,397**	133,347
Derivative financial instruments		**8,478**	63,374
Borrowings and loans	15	**358,956**	142,867
		4,074,297	4,015,726
Total liabilities		**4,508,203**	4,551,376
Total equity and liabilities		**6,315,837**	6,448,500
Net current assets		**635,826**	868,109
Total assets less current liabilities		**2,241,540**	2,432,774

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE 2013

	Unaudited													
	Attributable to owners of the Company													
	Share Capital	Share premium	Capital reserve	Share redemption reserve	Employee share-based compensation reserve	Exchange reserve	Reserve fund	Merger difference	Available-for-sale financial assets fair value reserve	Assets revaluation surplus	Other reserves	Retained earnings	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$000	US$'000	US$'000	US$'000
							(Note (a))	(Note (b))						
Balance as at 1st January 2013 (previously stated)	23,456	759,464	68,202	12	18,335	(54,531)	82,435	10,001	(1,336)	7,854	(14,492)	977,733	22,014	1,899,147
Adoption of HKAS19 (revised) (Note 3)	–	–	–	–	–	–	–	–	–	–	–	(2,023)	–	(2,023)
Balance as at 1st January 2013 (restated)	23,456	759,464	68,202	12	18,335	(54,531)	82,435	10,001	(1,336)	7,854	(14,492)	975,710	22,014	1,897,124
Comprehensive (loss)/income														
Loss for the period	–	–	–	–	–	–	–	–	–	–	–	(24,568)	(20,630)	(45,198)
Other comprehensive (loss)/income, net of tax, for the period														
Fair value losses on available-for-sale financial assets	–	–	–	–	–	–	–	–	(109)	–	–	–	–	(109)
Actuarial gains on pension obligations	–	–	–	–	–	–	–	–	–	–	–	163	–	163
Currency translation differences														
— Group	–	–	–	–	–	(23,501)	–	–	–	–	–	–	(2,770)	(26,271)
— Associates and joint ventures	–	–	–	–	–	339	–	–	–	–	–	–	–	339
Total comprehensive (loss)/income for the period, net of tax	–	–	–	–	–	(23,162)	–	–	(109)	–	–	163	(2,770)	(25,878)
Total comprehensive loss for the period ended 30th June 2013	–	–	–	–	–	(23,162)	–	–	(109)	–	–	(24,405)	(23,400)	(71,076)
Transactions with owners in their capacity as owners														
Employee share option scheme:														
— Employee share-based compensation benefits	–	–	–	–	700	–	–	–	–	–	–	–	–	700
2012 final dividend paid	–	–	–	–	–	–	–	–	–	–	–	(22,753)	–	(22,753)
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	3,639	3,639
Total transactions with owners	–	–	–	–	700	–	–	–	–	–	–	(22,753)	3,639	(18,414)
Balance as at 30th June 2013	23,456	759,464	68,202	12	19,035	(77,693)	82,435	10,001	(1,445)	7,854	(14,492)	928,552	2,253	1,807,634

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2012

	Unaudited													
	Attributable to owners of the Company													
	Share Capital US$'000	Share premium US$'000	Capital reserve US$'000	Share redemption reserve US$'000	Employee share-based compensation reserve US$'000	Exchange Reserve US$'000	Reserve fund US$'000 (Note (a))	Merger difference US$'000 (Note (b))	Available-for-sale financial assets fair value reserve US$'000	Assets revaluation surplus US$'000	Other reserves US$000	Retained earnings US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance as at 1st January 2012 (previously stated)	23,456	759,464	68,202	12	15,860	(23,569)	74,071	10,001	(1,743)	7,854	(9,423)	906,490	(3,234)	1,827,441
Adoption of HKAS 19 (revised) (Note 3)	—	—	—	—	—	—	—	—	—	—	—	(1,363)	—	(1,363)
Balance as at 1st January 2012 (restated)	23,456	759,464	68,202	12	15,860	(23,569)	74,071	10,001	(1,743)	7,854	(9,423)	905,127	(3,234)	1,826,078
Comprehensive income/(loss)														
Profit/(loss) for the period	—	—	—	—	—	—	—	—	—	—	—	44,221	(14,335)	29,886
Other comprehensive loss, net of tax, for the period														
Fair value losses on available-for-sale financial assets	—	—	—	—	—	—	—	—	(64)	—	—	—	—	(64)
Currency translation differences														
— Group	—	—	—	—	—	(18,024)	—	—	—	—	—	—	(2,985)	(21,009)
— Associates and joint ventures	—	—	—	—	—	(300)	—	—	—	—	—	—	—	(300)
Total comprehensive loss for the period, net of tax	—	—	—	—	—	(18,324)	—	—	(64)	—	—	—	(2,985)	(21,373)
Total comprehensive income/(loss) for the period ended 30th June 2012	—	—	—	—	—	(18,324)	—	—	(64)	—	—	44,221	(17,320)	8,513
Transactions with owners in their capacity as owners														
Employee share option scheme:														
— Employee share-based compensation benefits	—	—	—	—	1,335	—	—	—	—	—	—	—	—	1,335
2011 final dividend paid	—	—	—	—	—	—	—	—	—	—	—	(21,345)	—	(21,345)
Non-controlling interest arising on business combination	—	—	—	—	—	—	—	—	—	—	—	—	14,114	14,114
Capital contribution from non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	37,128	37,128
Total transaction with owners	—	—	—	—	1,335	—	—	—	—	—	—	(21,345)	51,242	31,232
Balance as at 30th June 2012 (restated)	23,456	759,464	68,202	12	17,195	(41,893)	74,071	10,001	(1,807)	7,854	(9,423)	928,003	30,688	1,865,823
Represented by:														
Reserves												917,214		
Proposed interim dividend												10,789		
Balance as at 30th June 2012												928,003		

The accompanying notes are an integral part of this condensed consolidated interim financial information.

(a) In accordance with the relevant PRC regulations applicable to wholly foreign owned enterprises, the PRC subsidiaries are required to appropriate to reserve fund an amount of not less than 10% of the profit after income tax, calculated based on PRC accounting standards. Should the accumulated total of this reserve fund reach 50% of the registered capital of the PRC subsidiaries, except for the TPV Technology (Suzhou) Company Limited whereas it is 30% of its registered capital, the subsidiaries will not be required to make any further appropriation. Pursuant to the relevant PRC regulations, this reserve can be used for making up losses and increase of capital.

(b) The merger difference of the Group represents the difference between the aggregate nominal value of the share capital of the subsidiaries acquired pursuant to a corporate reorganization (the "Reorganization"), which was completed on 21st September 1999, in preparation for a listing of the Company's shares on the Exchange, over the nominal value of the share capital of the Company issued in exchange thereof.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH JUNE 2013

	Unaudited Six months ended 30th June	
	2013	2012
	US$'000	US$'000
Cash flows from operating activities		
Net cash (used in)/generated from operations	**(308,103)**	410,497
Interest paid	**(16,884)**	(20,273)
Income tax paid	**(35,944)**	(24,418)
Net cash (used in)/generated from operating activities	**(360,931)**	365,806
Cash flows from investing activities		
Proceeds from disposals of property, plant and equipment	**5,965**	1,542
Proceeds from disposal of land use rights	**—**	17,592
Proceeds from disposal of financial assets at fair value through profit and loss	**—**	78
Purchase of property, plant and equipment	**(96,204)**	(55,577)
Purchase of land use rights	**(9)**	(38,444)
Purchase of intangible assets	**(19,153)**	—
Investments in associates	**(1,072)**	—
Dividend received from an associate	**—**	1,843
Interest received	**1,885**	4,585
Net cash (paid for)/acquired from business combination	**(2,155)**	6,945
Net cash used in investing activities	**(110,743)**	(61,436)
Cash flows from financing activities		
Inception of subordinated loans	**—**	173,580
Net inception/(repayments) of borrowings and loans	**133,464**	(205,288)
Net proceeds of payables under discounting arrangements	**83,286**	(33,773)
Net payments for derivative financial instruments — interest rate swap	**—**	(1,000)
Pledged bank deposits	**(3,100)**	1,067
Dividends paid to owners and non-controlling interests	**(22,753)**	(21,345)
Contribution to subsidiaries from its non-controlling interests	**3,639**	37,128
Net cash generated from/(used in) financing activities	**194,536**	(49,631)
Net (decrease)/increase in cash and cash equivalents	**(277,138)**	254,739
Cash and cash equivalents at beginning of the period	**497,871**	303,337
Currency translation difference	**(3,833)**	(13,892)
Cash and cash equivalents at end of the period	**216,900**	544,184
Analysis of cash and cash equivalents:		
Bank balances and cash	**216,900**	544,184

The accompanying notes are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

TPV Technology Limited (the "Company") and its subsidiaries (together the "Group") design, manufacture and sell computer monitors and flat TV products. The Group manufactures mainly in the People's Republic of China (the "PRC"), Europe and Latin America and sells to Europe, the PRC, North and South America, Asian countries and the rest of the world.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The Company has its primary listing on the Exchange and secondary listing on SGX.

This condensed consolidated interim financial information is presented in US dollars and rounded to the nearest thousand dollars, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 22nd August 2013.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th June 2013 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2012, as described in those annual financial statements.

(a) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3 Accounting policies (Continued)

(b) The following new standards and amendments to standards are relevant to the Group and mandatory for the first time for the financial year beginning 1st January 2013:

Under HKFRS 10, "Consolidated financial statements", subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has applied HKFRS 10 retrospectively in accordance with the transition provisions of HKFRS 10.

The Group assessed the adoption of HKFRS 10 and concluded that it did not result in any changes in the consolidation status of its subsidiaries.

Under HKFRS 11, "Joint arrangements", investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group assessed the adoption of HKFRS 11 and concluded that it did not have financial impact on the Group.

HKFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Group has applied HKFRS 13 prospectively, additional disclosures required in respect of fair value measurements are introduced. The adoption of this standard has no significant impact on the Group's results and financial position.

Amendment to HKAS 1, "Financial statement presentation", regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' ("OCI") on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments). The Group has categorised "Fair value gains/losses on available-for-sale financial assets" and "Currency translation differences" under "Items that may be reclassified subsequently to profit or loss", while "Actuarial gains on pension obligations" under "Items that will not be reclassified to profit or loss" in the statement of comprehensive income.

3 Accounting policies (Continued)

(b) The following new standards and amendments to standards are relevant to the Group and mandatory for the first time for the financial year beginning 1st January 2013: (Continued)

HKAS 19 (revised), "Employee benefits", amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Group has been in the following areas:

(i) The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate. This has no effect on the statement of comprehensive income.

(ii) There is a new term "remeasurements". This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

(iii) Pension obligations and retained earnings as previously reported have been restated at the reporting dates, at which amounts have been increased and decreased by US$1,363,000 and US$2,023,000 respectively as at 1st January 2012 and 31st December 2012.

(iv) The effect of the change in accounting policy on the other comprehensive income, statement of cash flows and earnings per share were insignificant.

There are no other new standards or amendments to standards that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3 Accounting policies (Continued)

(c) The following new standards and amendments to standards relevant to the Group have been issued but are not effective for the financial year beginning 1st January 2013 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRS 9	Financial instruments	1st January 2015
Amendments to HKAS 32	Offsetting financial asset and financial liability	1st January 2014
Amendments to HKFRS 10, 12 and HKAS 27	Investment entities	1st January 2014

The directors of the Company are in the process of assessing the financial impact of the adoption of the above new standard and amendments to standards. The directors of the Company will adopt the new standard and amendments to standards when they become effective.

4 Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those that applied to the consolidated financial statements for the year ended 31st December 2012.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st December 2012.

There have been no significant changes in the risk management department or in any risk management policies since the year end.

5.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of banking facilities. The Group aims to maintain flexibility in funding by keeping credit lines available at all time.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn banking facilities (Note 15) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its banking facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and exchange control.

Surplus cash held by the operating entities over and above balance required for working capital management is transferred to the Group Treasury. Group Treasury invests surplus cash mainly in time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the balance sheet date, the Group holds cash and cash equivalents of US$216,900,000 (31st December 2012: US$497,871,000) and trade receivables of US$2,002,144,000 (31st December 2012: US$2,319,426,000) that are expected to readily generate cash inflows for managing liquidity risk. In addition, the Group holds listed equity securities for trading of US$3,009,000 (31st December 2012: US$4,153,000), which could be readily realized to provide a further source of cash if the need arose. The Group will also factor its trade receivables to banks without recourse and enter into other discounting arrangements should there be additional liquidity needs.

5 Financial risk management (Continued)

5.3 Fair value estimation

The table below analyses financial instruments are carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial instruments that are measured at fair value at 30th June 2013.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Available-for-sale financial assets	599	—	434	1,033
Financial assets at fair value through profit or loss	3,009	—	—	3,009
Derivatives financial instruments	—	38,899	—	38,899
	3,608	38,899	434	42,941
Liabilities				
Derivatives financial instruments	—	9,367	—	9,367
Other payable — contingent consideration payable	—	—	14,661	14,661
Other payable — redemption liability for written put option over shares in a subsidiary	—	—	6,074	6,074
	—	9,367	20,735	30,102

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

The following table presents the Group's financial instruments that are measured at fair value at 31st December 2012.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Available-for-sale financial assets	708	—	450	1,158
Financial assets at fair value through profit or loss	4,153	—	—	4,153
Derivatives financial instruments	—	15,552	—	15,552
	4,861	15,552	450	20,863
Liabilities				
Derivatives financial instruments	—	63,402	—	63,402
Other payable — contingent consideration payable	—	—	13,582	13,582
Other payable — redemption liability for written put option over shares in a subsidiary	—	—	5,069	5,069
	—	63,402	18,651	82,053

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no significant transfers of financial assets between level 1, level 2 and level 3 fair value hierarchy classifications.

5 Financial risk management (Continued)

5.4 Valuation techniques used to derive Level 2 fair values

Level 2 derivatives financial instruments comprise forward foreign exchange contracts, options, cross currency swaps and interest rate swaps. These forward foreign exchange contracts and options have been stated at fair value using forward exchange rates at the reporting date, with resulting value discounted back to its present value. Interest rate swaps and cross currency swaps are stated at fair value using the present value of the estimated future cash flows based on observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives financial instruments.

5.5 Fair value measurements using significant unobservable inputs (Level 3)

The valuations of the Group's contingent consideration payable and redemption liability for written put option over shares in a subsidiary are based on the acquired business' post-acquisition performance.

The valuation of contingent consideration payable and the redemption liability for Philips' exercise of the put option are based on the projected profit forecasted by TP Vision Group's management. The key assumptions adopted in projecting the future profits include 3-8% sales growth for the next five years and a terminal growth beyond the fifth year using an estimated growth rate not exceeding 3.0%. Other key assumptions applied in the valuation include the expected improvement in gross profit margin and reduction in costs. Management determined these key assumptions based on their experience in the industry and expectations on market development. A discount rate of 21.5% that reflects specific risks related to TP Vision Group was adopted.

5.6 Group's valuation processes

The Group's finance department reviews the valuations of the Group's financial instruments and non-financial asset that are stated at fair value for financial reporting purposes, including Level 3 fair values. These valuation results are then reported to the chief financial officer and group senior management for discussions in relation to the valuation processes and the reasonableness of the valuation results.

5 Financial risk management (Continued)

5.7 Fair value of financial assets and liabilities measured at amortised cost

The fair values of the trade and other receivables, pledged bank deposits, cash and cash equivalent, borrowings and loans (including note payable, bank overdraft, bank borrowings and subordinated loans), trade payables, other payables and accruals as at 30 June 2013 approximate their carrying amounts.

6 Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker, Dr Hsuan, Jason, Chairman and Chief Executive Officer of the Company, that are used to make strategic decisions and resources allocation.

The Group's businesses are managed according to the nature of their operations and the products and services they provide.

The Group is organized on a worldwide basis into four main operating segments. They are (i) Monitors; (ii) TVs; (iii) TP Vision — TVs; and (iv) Others. Others mainly comprise the sales of chassis, spare parts, CKD, SKD and all-in-one computers.

The Group's chief operating decision-maker assesses the performance of the operating segments based on adjusted operating profit/(loss). Expenses are allocated to operating segments with reference to revenue contributions of respective segments. Finance income, finance costs, share of (losses)/profits of associates and joint ventures and unallocated income and expenses are not included in the result for each operating segment that is reviewed by the Group's chief operating decision-maker.

Capital expenditure represented additions of property, plant and equipment, land use rights and intangible assets.

6 Segment information (Continued)

Segment assets consist primarily of intangible assets, property, plant and equipment, land use rights, inventories, trade receivables, deposits, prepayments and other receivables, and derivative financial assets. They exclude investment properties, investments in associates, investments in joint ventures, available-for-sale financial assets, deferred income tax assets, financial assets at fair value through profit or loss, current income tax recoverable, pledged bank deposits and cash and cash equivalents and other unallocated assets, which are managed centrally.

Segment liabilities mainly comprise pension obligations, trade payables, other payables and accruals, derivatives financial liabilities and warranty and other provisions. They exclude current income tax liabilities, deferred income tax liabilities, borrowings and loans and other unallocated liabilities, which are managed centrally.

Revenue from external customers is stated after elimination of inter-segment revenue and is categorized according to the final destination of shipment.

Sales between segments are carried out at mutually agreed terms. The revenue from external parties reported to the chief operating decision maker is measured in a manner consistent with that in the condensed consolidated interim income statement.

There are differences from the last annual financial statement in the basis of segmentation or in the basis of measurement. The comparative segment information as at 31st December 2012 has been reclassified to align with the presentation of the latest segment information disclosure as a result of change in management's review on the Group's performance and resources.

6 Segment information (Continued)

The following tables present revenue and profit/(loss) information regarding the Group's reportable segments for the six months ended 30th June 2013 and 2012 respectively.

	For the six months ended 30th June 2013				
	Monitors US$'000	TVs US$'000	TP Vision — TVs US$'000	Others US$'000	Total US$'000
Revenue from external customers					
— sales of goods	2,604,189	854,153	1,397,205	688,394	5,543,941
Inter-segment revenue	—	717,703	—	—	717,703
	2,604,189	1,571,856	1,397,205	688,394	6,261,644
Adjusted operating profit/(loss)	52,076	2,154	(35,450)	3,035	21,815
Depreciation of property, plant and equipment	22,477	37,468	13,268	1,228	74,441
Amortization of land use rights	221	368	—	339	928
Amortization of intangible assets	2,354	4,784	24,942	814	32,894
Capital expenditure	19,269	38,178	34,234	5,329	97,010

Note: The adjusted operating profit/(loss) of TVs and TP Vision — TVs presented above include the impact of restructuring costs of US$17,216,000. The adjusted operating profit/(loss) before restructuring costs of TVs and TP Vision — TVs were US$7,427,000 and (US$23,507,000) respectively.

6 Segment information (Continued)

	For the six months ended 30th June 2012				
	Monitors US$'000	TVs US$'000	TP Vision — TVs US$'000	Others US$'000	Total US$'000
Revenue from external customers — sales of goods	2,769,952	997,771	720,818	640,705	5,129,246
Inter-segment revenue	—	365,837	—	—	365,837
	2,769,952	1,363,608	720,818	640,705	5,495,083
Adjusted operating profit/(loss)	54,810	3,148	15,707	(5,664)	68,001
Depreciation of property, plant and equipment	19,665	30,503	6,238	1,878	58,284
Amortization of land use rights	—	—	—	321	321
Amortization of intangible assets	2,300	4,522	14,865	399	22,086
Capital expenditure	38,220	55,519	5,107	4,175	103,021

Note: The adjusted operating profit of TP Vision — TVs presented above include the impact of restructuring costs of US$26,677,000. The adjusted operating profit before restructuring costs of TP Vision — TVs was US$42,384,000.

The following tables present segment assets and liabilities as at 30th June 2013 and 31st December 2012 respectively.

	As at 30th June 2013				
	Monitors US$'000	**TVs US$'000**	**TP Vision — TVs US$'000**	**Others US$'000**	**Total US$'000**
Segment assets	**2,511,610**	**1,642,752**	**1,335,553**	**391,167**	**5,881,082**
Segment liabilities	**(1,204,194)**	**(1,126,946)**	**(836,461)**	**(280,872)**	**(3,448,473)**

6 Segment information (Continued)

	As at 31st December 2012 (Restated)				
	Monitors US$'000	TVs US$'000	TP Vision — TVs US$'000	Others US$'000	Total US$'000
Segment assets	2,565,749	1,411,112	1,346,514	422,643	5,746,018
Segment liabilities	(1,311,606)	(986,946)	(1,051,449)	(347,176)	(3,697,177)

A reconciliation of total adjusted operating profit for reportable segments to total (loss)/profit before income tax is provided as follows:

	Six months ended 30th June	
	2013 US$'000	2012 US$'000
Adjusted operating profit for reportable segments	**21,815**	68,001
Unallocated income	**9,310**	11,841
Unallocated expenses	**(26,599)**	(24,704)
Operating profit	**4,526**	55,138
Finance income	**1,885**	4,585
Finance costs	**(44,537)**	(20,273)
Share of (losses)/profits of associates	**(62)**	3,037
Share of losses of joint ventures	**(317)**	(1,585)
(Loss)/profit before income tax	**(38,505)**	40,902

6 Segment information (Continued)

A reconciliation of segment assets to total assets is provided as follows:

	As at	
	30th June 2013	31st December 2012
	US$'000	US$'000 (Restated)
Segment assets	**5,881,082**	5,746,018
Investment properties	**38,178**	38,178
Investments in associates	**38,247**	36,787
Investments in joint ventures	**1,353**	1,781
Available-for-sale financial assets	**1,033**	1,158
Deferred income tax assets	**80,525**	67,448
Financial assets at fair value through profit or loss	**3,009**	4,153
Current income tax recoverable	**18,937**	15,635
Pledged bank deposits	**6,965**	3,865
Cash and cash equivalents	**216,900**	497,871
Other unallocated assets	**29,608**	35,606
Total assets	**6,315,837**	6,448,500

6 Segment information (Continued)

A reconciliation of segment liabilities to total liabilities is provided as follows:

	As at 30th June 2013 US$'000	As at 31st December 2012 US$'000 (Restated)
Segment liabilities	**3,448,473**	3,697,177
Current income tax liabilities	**20,940**	35,699
Deferred income tax liabilities	**13,350**	11,890
Borrowings and loans	**557,836**	422,352
Other unallocated liabilities	**467,604**	384,258
Total liabilities	**4,508,203**	4,551,376

The analysis of revenue from external customers by geographical areas is as follows:

	Six months ended 30th June 2013 US$'000	Six months ended 30th June 2012 US$'000
The PRC	**1,622,275**	1,450,859
Europe	**1,581,833**	1,422,015
North America	**894,111**	909,035
South America	**647,681**	548,262
Australia	**33,024**	35,660
Africa	**9,911**	7,761
Rest of the world	**755,106**	755,654
	5,543,941	5,129,246

At 30th June 2013, the total of non-current assets other than financial instruments and deferred income tax assets located in the PRC is US$513,028,000 (at 31st December 2012: US$518,759,000), and the total of these non-current assets located in other countries is US$895,392,000 (at 31st December 2012: US$917,647,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

6 Segment information (Continued)

For the six months ended 30th June 2013, revenues of approximately US$637,066,000 (for the six months ended 30th June 2012: US$632,216,000) are derived from a single external customer. These revenues are attributable to the sales of monitors and others. This customer is also the largest debtor at the reporting date.

7 Operating profit

The following items have been (charged)/credited to the operating profit during the interim period:

	Six months ended 30th June	
	2013	2012
	US$'000	US$'000
Gain from a bargain purchase of subsidiaries	**—**	20,749
Net exchange losses	**(41,379)**	(51,536)
Realized and unrealized gains on foreign exchange forward contracts and options — net	**42,868**	87,099
Realized and unrealized gains on interest rate swaps — net	**—**	17
Realized and unrealized gains on cross currency swaps — net	**5,157**	8,987
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(1,013)**	1,529
Loss on disposal of financial assets at fair value through profit or loss	**—**	(92)
Brand promotion fee (Note)	**70,428**	19,034
Compensation for product launch delay	**—**	22,510
Provision for impairment of trade receivables	**(1,966)**	(2,268)
(Write-down)/reversal of inventories to net realizable value	**(8,984)**	1,594
Employee benefit expenses (including directors' emoluments)	**(340,258)**	(293,598)
Depreciation of property, plant and equipment (Note 12)	**(74,441)**	(58,284)
Amortization of land use rights (Note 12)	**(928)**	(321)
Amortization of intangible assets (Note 12)	**(32,894)**	(22,086)
Loss on disposal of property, plant and equipment	**(118)**	(290)
Impairment losses on property, plant and equipment (Note 12)	**(6,490)**	(1,180)
Charge for warranty provision (Note 17)	**(73,268)**	(55,569)
Charge for restructuring provision (Note 17)	**(17,216)**	(26,677)
Acquisition-related costs	**(13)**	(3,933)

7 Operating profit (Continued)

Note:

TP Vision Holding B.V. and its subsidiaries (collectively "TP Vision Group") is entitled to charge Koninklijke Philips Electronics N.V. ("Philips") a brand promotion fee up to EUR172,000,000 (approximate to US$226,000,000) for brand promotion and/or enhancement activities. Such activities can include advertising and promotion, sales and marketing, research and development and other activities that incentivize the distribution channels and reduce the cost of non-quality.

8 Finance costs — net

	Six months ended 30th June	
	2013	2012
	US$'000	US$'000
Cash interests		
— Interest expense on bank borrowings and factoring/discounting arrangement	**11,446**	5,703
— Interest expense on subordinated loans	**3,471**	2,792
— Interest expense on notes payable	**1,967**	1,940
Non-cash interests		
— Unwinding of interests on license fee payable, subordinated loans, contingent consideration payable and redemption liability	**27,653**	9,838
Interest expenses	**44,537**	20,273
Interest income on short-term bank deposits	**(1,885)**	(4,585)
Finance costs — net	**42,652**	15,688

Borrowing costs of US$639,000 were capitalized during the six months ended 30th June 2013 (six months ended 30th June 2012: Nil).

9 Income tax expense

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit generated in Hong Kong for the six months ended 30th June 2013 (six months ended 30th June 2012: Nil).

Taxation on profits has been calculated on the estimated assessable profits for the six months ended 30th June 2013 at the rates of taxation prevailing in the countries/places in which the Group operates. Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

The amount of taxation charged/(credited) to the condensed consolidated interim income statement represents:

	Six months ended 30th June	
	2013	2012
	US$'000	US$'000
Current income tax — overseas taxation	**18,752**	25,494
Deferred income tax credit	**(12,059)**	(14,478)
Income tax expense	**6,693**	11,016

10 Loss/earnings per share

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30th June	
	2013	2012
(Loss)/profit attributable to owners of the Company (US$'000)	**(24,568)**	44,221
Weighted average number of ordinary shares in issue (thousands)	**2,345,636**	2,345,636
Basic (loss)/earnings per share (US cents per share)	**(1.05)**	1.89

10 Loss/earnings per share (Continued)

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options which may result in dilutive potential ordinary shares. Its calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted (loss)/earnings per share (US cents per share)	**(1.05)**	1.89

Diluted (loss)/earnings per share for the six months ended 30th June 2013 and 2012 equal basic (loss)/earnings per share as the exercise of the outstanding share options would be anti-dilutive.

11 Dividends

	Six months ended 30th June	
	2013	2012
	US$'000	US$'000
Interim dividend per ordinary share (2012: US0.46 cent)	**—**	10,789

The board of directors does not recommend the payment of interim dividend for the six months ended 30th June 2013.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

12 Property, plant and equipment, land use rights, investment properties and intangible assets

	Property, plant and equipment US$'000	Land use rights US$'000	Investment properties US$'000	Intangible assets US$'000
Six months ended 30th June 2013				
Opening net book amount at 1st January 2013	**681,569**	**74,002**	**38,178**	**604,089**
Exchange differences	**(7,858)**	**670**	**—**	**(2,123)**
Additions	**73,222**	**9**	**—**	**23,779**
Additions through business combination	**2,063**	**—**	**—**	**2,056**
Disposals	**(6,083)**	**—**	**—**	**—**
Impairment	**(6,490)**	**—**	**—**	**—**
Depreciation and amortization	**(74,441)**	**(928)**	**—**	**(32,894)**
Closing net book amount at 30th June 2013	**661,982**	**73,753**	**38,178**	**594,907**
Six months ended 30th June 2012				
Opening net book amount at 1st January 2012	511,832	27,068	38,127	438,834
Exchange differences	(13,027)	(35)	—	(11,531)
Additions	55,577	47,444	—	—
Additions through business combination	117,803	—	—	213,365
Disposals	(1,832)	—	—	—
Impairment	(1,180)	—	—	—
Depreciation and amortization	(58,284)	(321)	—	(22,086)
Closing net book amount at 30th June 2012	610,889	74,156	38,127	618,582

12 Property, plant and equipment, land use rights, investment properties and intangible assets (Continued)

The valuations of the investment properties were estimated by the directors based on current prices in an active market. The fair value measurement information for these investment properties as at 30th June 2013 in accordance with HKFRS 13 are given below.

Recurring fair value measurements	**Significant other observable inputs (Level 2)**
Investment properties	38,178

Level 2 fair values of investment properties have been generally derived by management, taking into account the comparable market transactions.

13 Trade and other receivables, deposits, prepayments and other assets

	As at 30th June 2013 US$'000	31st December 2012 US$'000
Non-current		
Prepayments	**1,140**	425
Other assets	**69,062**	49,672
Other receivables	**43,226**	6,717
	113,428	56,814
Current		
Trade receivables	**2,026,108**	2,341,761
Less: Provision for impairment of trade receivables	**(23,964)**	(22,335)
Trade receivables, net	**2,002,144**	2,319,426
Deposits	**6,073**	6,088
Prepayments	**53,262**	58,844
Other receivables		
— Value-added tax recoverable	**237,176**	297,886
— Others	**197,374**	211,405
	2,496,029	2,893,649
Total	**2,609,457**	2,950,463

At 30th June 2013, the non-current other assets of US$69,062,000 (31st December 2012: US$49,672,000) related to cash placed in an escrow account for certain customer care obligations arising in the TP Vision Group as set out in Trademark License Agreement between TP Vision Group and Philips. The receivables is classified as non-current as the related obligations fall due in more than one year.

The carrying amounts of trade receivables, other receivables and other assets approximate their fair values.

13 Trade and other receivables, deposits, prepayments and other assets (Continued)

The Group's sales are with credit terms from 30 to 120 days and certain of its export sales are on letters of credit or documents against payment.

At 30th June 2013 and 31st December 2012, the ageing analysis of trade receivables based on invoice date was as follows:

	As at	
	30th June 2013 US$'000	31st December 2012 US$'000
0–30 days	**932,190**	1,220,302
31–60 days	**626,210**	689,300
61–90 days	**303,870**	303,201
91–120 days	**58,450**	67,938
Over 120 days	**105,388**	61,020
	2,026,108	2,341,761

14 Share capital

	As at	
	30th June 2013 US$'000	31st December 2012 US$'000
Authorized:		
4,000,000,000 ordinary shares of US$0.01 each	**40,000**	40,000
Issued and fully paid:		
2,345,636,139 (2012: 2,345,636,139) ordinary shares of US$0.01 each	**23,456**	23,456

14 Share capital (Continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

		Number of share options (thousands)				
Expiry date	Exercise price in HK$ per share option	As at 1st January 2013	Granted during the period	Exercised during the period	Lapsed during the period	As at 30th June 2013
17th January 2021	HK$5.008	40,080	—	—	(800)	39,280

For the six months ended 30th June 2013, 800,000 share options (six months ended 30th June 2012: 2,560,000) were lapsed as a result of the cessation of employment of certain employees.

15 Borrowings and loans

	As at 30th June 2013 US$'000	31st December 2012 US$'000
Non-current		
Note payable (Note (a))	**—**	79,549
Bank borrowings (Note (c))	**15,441**	15,862
Subordinated loans (Note (b))	**183,439**	184,074
	198,880	279,485
Current		
Note payable (Note (a))	**80,889**	—
Bank overdraft (Note (c))	**28,742**	4,611
Bank borrowings (Note (c))	**249,325**	138,256
	358,956	142,867
Total borrowings and loans	**557,836**	422,352

15 Borrowings and loans (Continued)

Movements in borrowings and loans are analyzed as follows:

	Six months ended 30th June	
	2013	2012
	US$'000	US$'000
Opening amount as at 1st January	**422,352**	440,163
Net repayment of borrowings and loans	**135,484**	(31,708)
Closing amount as at 30th June	**557,836**	408,455

Notes:

(a) Unsecured RMB denominated note payable was issued on 21st March 2011 at a total nominal value of RMB500,000,000, it bears interest at a rate of 4.25% per annum and matures in three years from the issue date. The carrying amount of the note payable, net of transaction costs of US$1,582,000, was determined at issuance of the note payable. The carrying amount of note payable approximates its fair value.

(b) Subordinated loans represent loans provided by Philips, including a term loan ("Term Loan") to the Group and a shareholder loan ("Shareholder Loan") to TP Vision Holding B.V. pursuant to the Term Loan Agreement and the Shareholders' Loan Agreement both dated 1st April 2012. Both the term loan and shareholder loan bear interest at EURO LIBOR plus margin per annum and are unsecured. Term loan matures in three years from the date of Term Loan Agreement, while EUR21,000,000 and EUR30,000,000 shareholder loan matures in three and five years from the date of Shareholder's Loan Agreement. The fair value of subordinated loans approximate their carrying amounts which bear interest at floating rates that are market dependent.

(c) The fair value of the bank overdraft and bank borrowings approximate their carrying amounts which bear interest at floating rates that are market dependant.

The Group has the following undrawn bank loan and trade finance facilities:

	As at	
	30th June	31st December
	2013	2012
	US$'000	US$'000
Total available and undrawn facilities	**2,903,852**	2,896,898

16 Trade payables, other payables and accruals

	As at 30th June 2013 US$'000	As at 31st December 2012 US$'000
Non-current		
License fee payable	**170,983**	198,770
Contingent consideration payable	**14,661**	13,582
Redemption liability for written put option over shares in a subsidiary	**6,074**	5,069
Accrued employee benefits	**3,861**	4,275
Others	**5,399**	1,756
	200,978	223,452
Current		
Trade payables	**2,332,068**	2,370,845
Other payables and accruals		
— Accrued employee benefits	**113,073**	126,657
— Accrued operating expenses	**189,841**	195,762
— Deferred brand promotion fee income	**—**	20,268
— Duty and tax payable other than income tax	**85,234**	176,742
— License fee payable	**104,099**	63,750
— Payables under discounting arrangement	**446,869**	363,583
— Payables for purchase of plant and equipment	**92,629**	115,611
— Others	**191,713**	207,221
	3,555,526	3,640,439
Total	**3,756,504**	3,863,891

The carrying amounts of trade payables, other payables and accruals approximate their fair values.

16 Trade payables, other payables and accruals (Continued)

At 30th June 2013 and 31st December 2012, the ageing analysis of trade payables based on invoice date was as follows:

	As at 30th June 2013 US$'000	31st December 2012 US$'000
0–30 days	**893,888**	803,429
31–60 days	**764,083**	889,770
61–90 days	**380,522**	332,457
Over 90 days	**293,575**	345,189
	2,332,068	2,370,845

17 Warranty and restructuring provisions

	Six months ended 30th June					
	2013			2012		
	Warranty provision US$'000	**Restructuring provision US$'000**	**Total US$'000**	Warranty provision US$'000	Restructuring provision US$'000	Total US$'000
Opening amount as at 1st January	**94,464**	**40,468**	**134,932**	71,325	—	71,325
Exchange difference	**(273)**	**(427)**	**(700)**	(472)	(811)	(1,283)
Charged to the income statement (Note 7)	**73,268**	**17,216**	**90,484**	55,569	26,677	82,246
Utilized during the period	**(73,221)**	**(21,098)**	**(94,319)**	(45,657)	—	(45,657)
Closing amount as at 30th June	**94,238**	**36,159**	**130,397**	80,765	25,866	106,631

17 Warranty and restructuring provisions (Continued)

Analysis of warranty and other provisions:

	As at 30th June 2013			As at 31st December 2012		
	Warranty provision US$'000	Restructuring provision US$'000	Total US$'000	Warranty provision US$'000	Restructuring provision US$'000	Total US$'000
Non-current liabilities	—	—	—	—	1,585	1,585
Current liabilities	94,238	36,159	130,397	94,464	38,883	133,347
Total	94,238	36,159	130,397	94,464	40,468	134,932

The Group gives warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily within a period ranging from twelve months to thirty-six months on average. The provision as at 30th June 2013 had been made for expected warranty claims on products sold during the last thirty-six months.

Restructuring provision of US$17,216,000 (six months ended 30th June 2012: US$26,677,000) have been charged in income statement in respect of the restructuring of TV business of TP Vision group and merger of two subsidiaries of the Company in Brazil.

It is expected that the majority of these provisions will be utilized within the next twelve months.

18 Contingent liabilities

The Group has a number of legal and other proceedings at 30th June 2013. The more significant ones are set as below.

(a) In December 2008, a third party company filed a complaint in the United States of America against the Group, one of its associated companies and other third party companies. The complaint currently concerns claims of damages related to alleged infringement of certain patents in respect of technology of the manufacture of computer monitor ("Patent I").

On 2nd April 2013, a final award was given by the arbitrator after the course of arbitration, which does not have significant adverse financial impact on the consolidated financial position or liquidity of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18 Contingent liabilities (Continued)

(b) In January 2009, a third party company filed a complaint in Germany against the Group. The complaint concerns claims of damages related to alleged infringement of certain patents in respect of technology of the manufacture of computer monitor ("Patent II").

As far as the Group is concerned, it is alleged among other matters that:

(i) they had infringed, actively induced, contributed to the infringement of Patent II by making, using, causing to be used, offering to sell, selling, causing to be sold, importing and/or causing to be imported monitors in Germany; and

(ii) as a consequence of the infringement, the plaintiff has been damaged and would continue to sustain damages unless the court grants an award of damages to it covering reasonably attorneys' fees, costs and expenses that incurred by it for pursuing this action.

The directors are of the opinion that while the appellate proceedings are still ongoing, it is not possible to determine the outcome of the case for the time being.

(c) In July 2010, a third party company filed a complaint in the United States of America against the Group. The complaint concerns claims of compensation related to indemnity obligations as provided in an agreement between the parties.

The directors are of the opinion that while the proceedings are still ongoing, it is not possible to determine the outcome of the case for the time being.

(d) In July 2010, a third party company filed a complaint in the United States of America against the Group, one of its associated companies and another third party company. The complaint concerns claims of damages related to alleged infringement of certain patents in respect of technology of the manufacture of certain televisions ("Patent III").

As far as the Group and its associated companies are concerned, it is alleged among other matters that:

(i) they have been infringing and continue to infringe the Patent III, and contributing to and actively inducing the infringement of Patent III by others in the United States of America; and

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18 Contingent liabilities (Continued)

(d) (Continued)

(ii) as a consequence of the infringement, the plaintiff has been damaged and will continue to sustain damages unless the court enjoins them from further infringement of Patent III.

On 12th April 2013, a verdict was made by the jury to the trial. The directors consider that, although the final judgment is not given as yet, the verdict would not give rise to a significant financial impact on the Group as a whole.

(e) In June 2012, a third party company filed a complaint in the United States of America against the Group, one of its associated companies and other third party companies. The complaint concerns claims of damages related to alleged infringement of certain patents in respect of technology of the manufacture of certain monitors and televisions ("Patent IV").

As far as the Group and its associated companies concerned, it is alleged among other matters that:

(i) they have been infringing and continue to infringe the Patent IV, and contributing to and actively inducing the infringement of Patent IV by others in the United States of America; and

(ii) as a consequence of the infringement, the plaintiff has been damaged and will continue to sustain damages unless the court enjoins them from further infringement of Patent IV.

The directors are of the opinion that while the proceedings are ongoing, it is not possible to determine the outcome of the case for the time being.

(f) In 2011, a claim was made by a third party seeking repossession of a relatively small piece of land now owned by TP Vision Group. The matter is currently under consideration by the legal authorities. Under the terms of the Share Purchase Agreement with Philips, any damages arising from this claim will be fully indemnified by Philips.

The directors of the Company are of the opinion that while the proceedings are ongoing, it is not possible to determine the outcome of the case at this time.

18 Contingent liabilities (Continued)

(g) In 2012, in one specific country, the compensation payments to customers have been accrued and/or paid by the Group and have been treated as fully tax deductible. There is a possibility that the tax deductibility of such payments may be challenged by the Tax Authorities in that country following the submission of the relevant tax returns in 2013.

The directors do not consider any liability arising being probable.

(h) In January 2013, a third party company filed an amended complaint to consolidate two underlying related complaints in the United States of America against the Group, one of its associated companies and other third party companies. The complaint concerns claims of damages related to alleged infringement of certain patents in respect of technology of the manufacture of certain televisions. ("Patent V")

As far as the Group and its associated companies are concerned, it is alleged among other matters that:

(i) they have been infringing and continue to infringe the Patent V, and contributing to and actively inducing the infringement of Patent V by others in the United States of America; and

(ii) as a consequence of the infringement, the plaintiff has been damaged and will continue to sustain damages unless the court enjoins them from further infringement of Patent V.

The directors are of the opinion that while the proceedings are currently ongoing, it is not possible to determine the outcome of the case for the time being.

(i) In 2013, a third party company filed patent infringement cases in Germany, alleging that the Group infringes patents relating to the protection of certain aspects of SmartTV and Net TV.

The directors are of the opinion that while the proceedings are ongoing, it is not possible to determine the outcome of the case for the time being.

18 Contingent liabilities (Continued)

(j) In 2013, the Civil Code of one specific country requires that all companies producing or importing goods with an audio/video replication functionality must pay 1% of turnover (either import or production value) fees to copyrights owners (unnamed list of authors) through the local union of copyright owners.

The directors are of the opinion that while the proceedings are ongoing, it is not possible to determine the outcome of the case for the time being.

19 Commitments

(a) Capital commitments

Capital expenditure contracted for investment, plant and equipment and software at the end of the reporting period but not yet incurred is as follows:

	As at	
	30th June 2013 US$'000	31st December 2012 US$'000
Not later than one year	**36,416**	94,125
Later than one year and not later than five years	**14,535**	6,710
Later than five years	**901**	894
	51,852	101,729

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

19 Commitments (Continued)

(b) Operating lease commitments — Group as lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30th June 2013 US$'000	31st December 2012 US$'000
Not later than one year	**22,179**	26,296
Later than one year and not later than five years	**50,303**	39,328
Later than five years	**20,438**	6,863
	92,920	72,487

(c) Operating lease commitments — Group as lessor

The future aggregate minimum lease payment receivables under non-cancellable operating leases are as follows:

	As at 30th June 2013 US$'000	31st December 2012 US$'000
Not later than one year	**3,187**	3,504
Later than one year and not later than five years	**711**	2,716
	3,898	6,220

20 Business combination

In May 2013, TPV Technology (Qingdao) Company Limited ("TPVQD") entered into a TV Business Restructuring Agreement with Qingdao Haier Electronics Limited ("Haier"), under which TPVQD agreed to purchase the TV business from Haier, with a consideration of RMB25,336,000 (equivalent to US$4,119,000). The TV business includes machinery, equipments, workforce and contracts for production and sales of flat TV products. The acquisition of business is expecting to increase market shares of TV market. The acquisition was completed in June 2013.

(i) Calculation of the goodwill

The following table summarizes the consideration paid and payable to Haier at the acquisition date and the calculation of the goodwill:

	US$'000
Purchase consideration	
— Cash (Note)	4,119
Total purchase consideration	4,119
Less: Provisional fair value of the net asset acquired	2,601
Goodwill	1,518

Note:

As of 30th June 2013, approximately US$2,155,000 has been paid.

The goodwill of US$1,518,000 arising from the acquisition is attributable to synergies from combining the TV business of Haier and the Group.

20 Business combination (Continued)

(ii) Net assets acquired

The fair values of the assets acquired at the acquisition date are as follows:

	Provisional fair values US$'000
Plant and equipment	2,063
Intangible asset — customer relationship	538
Fair value of total identifiable net assets	2,601

The acquisition-related costs included in administrative expenses in the condensed consolidated interim income statement for the period ended 30th June 2013 amounted to US$13,000.

The acquired business did not contribute revenues from external customers but contributed operating loss of US$134,000 to the Group for the period from its acquisition to 30th June 2013. As the operations of TV business were integral to Haier's other businesses before the acquisition, it is impracticable to estimate the net contribution of the acquired company to the Group should the acquisition had occurred on the 1st January 2013. On this basis, no disclosure was made to this effect within these condensed consolidated interim financial information.

21 Related party transactions

As at 30th June 2013, the major shareholders of the Company are CEC, Mitsui and Innolux, which owned 35.06%, 20.19% and 6.42% of the Company's issued shares respectively.

The Group is controlled by CEC, which indirectly owns 35.06% of the Company's shares. The directors regard CEC, a state-owned enterprise established under the laws of the PRC, as being the ultimate holding company of the Company. CEC is an enterprise directly administered by State-owned Assets Supervision and Administration Commission of the State Council.

21 Related party transactions (Continued)

For the purpose of related party disclosure, the Group has identified to the extent practicable whether its customers and suppliers are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structures and the ownership structures change over time as a result of transfers and privatization programs. In the ordinary course of the Group's business, the Group has certain transactions with state-owned enterprises including but are not limited to sales and purchases of goods and services, payments for utilities, acquisition of land use rights and depositing and borrowing money.

(a) Significant transactions with related parties

During the six months ended 30th June 2013 and 2012, the Group had the following significant transactions with its associates, joint ventures and its substantial shareholders, CEC, Mitsui and Innolux.

All of the transactions were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties. They were summarized as follows:

	Six months ended 30th June	
	2013	2012
	US$'000	US$'000
Sales of finished goods to associates	**172,784**	140,734
Sales of finished goods to a joint venture	**—**	27
Sales of finished goods to CEC and its subsidiaries	**—**	12,904
Sales of finished goods to Mitsui and its subsidiaries	**—**	207
Sales of finished goods to Innolux and its subsidiaries	**41**	3
Purchases of raw materials from associates	**(31,022)**	(21,553)
Purchases of raw materials from a joint venture	**—**	(17,594)
Purchase of raw materials from CEC and its subsidiaries	**(70,922)**	—
Purchases of raw materials from Mitsui and its subsidiaries	**—**	(335)
Purchases of raw materials from Innolux and its subsidiaries	**(458,033)**	(336,147)
Rental income from associates	**1,398**	1,452
Rental income from joint ventures	**51**	451
Service fee paid to an associate	**(8,213)**	—
Trademark royalties paid to CEC and its subsidiaries	**(54)**	—

21 Related party transactions (Continued)

(b) Key management compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30th June	
	2013	2012
	US$'000	US$'000
Salaries and other short-term employee benefits	**659**	633
Share-based payments	**77**	130
	736	763

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21 Related party transactions (Continued)

(c) Period/year-end balances

	As at 30th June 2013 US$'000	As at 31st December 2012 US$'000
Receivables from associates (Note (i))	**143,445**	102,631
Receivables from joint ventures (Note (i))	**11**	1
Receivables from substantial shareholders and their subsidiaries (Note (ii))		
— CEC and its subsidiaries	**4,552**	—
— Innolux and its subsidiaries	**75**	350
	4,627	350
Payables to associates (Note (i))	**36,062**	30,974
Payables to joint ventures (Note (i))	**—**	22
Payables to substantial shareholders and their subsidiaries (Note (iii))		
— CEC and its subsidiaries	**24,919**	14,596
— Mitsui and its subsidiaries	**33**	502
— Innolux and its subsidiaries	**64,373**	47,843
	89,325	62,941

21 Related party transactions (Continued)

(c) Period/year-end balances (Continued)

Notes:

(i) Receivables from associates and joint ventures and payables to associates and joint ventures were presented in the condensed consolidated interim balance sheet within "trade receivables, deposits, prepayments and other receivables" and "trade payables, other payables and accruals" respectively.

(ii) Receivables from substantial shareholders and their subsidiaries were presented in the condensed consolidated interim balance sheet within "trade receivables".

(iii) Payables to substantial shareholders and their subsidiaries were presented in the condensed consolidated interim balance sheet within "trade payables, other payables and accruals".

22 Seasonality of operations

The sales of computer monitors and flat TVs are subject to seasonal fluctuations, with peak demand in the third and fourth quarters of the year. This is due to seasonal holiday periods.

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