ANNUAL REPORT 2014

TPV TECHNOLOGY LIMITED 冠捷科技有限公司 (Incorporated in Bermuda with limited liability)

Corporate Information

DIRECTORS

Executive Director

Dr Hsuan, Jason
(Chairman and Chief Executive Officer)

Non-executive Directors

Mr Liu Liehong
Ms Wu Qun
Mr Du Heping
Dr Li Jun
Mr Hideki Noda

Independent Non-executive Directors

Mr Chan Boon Teong
Dr Ku Chia-Tai
Mr Wong Chi Keung

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HONG KONG OFFICE

Units 1208–16, 12th Floor
C-Bons International Center
108 Wai Yip Street, Kwun Tong
Kowloon, Hong Kong

LEGAL ADVISORS

Appleby
Kirkland & Ellis International LLP

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Australia and New Zealand Banking Group Limited
Bank of America, N.A.
Bank of China Limited
Bank SinoPac
China Construction Bank Corporation
CTBC Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland plc

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

COMPANY SECRETARY

Ms Lee Wa Ying

PRINCIPAL SHARE REGISTRAR

Appleby Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

SINGAPORE SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

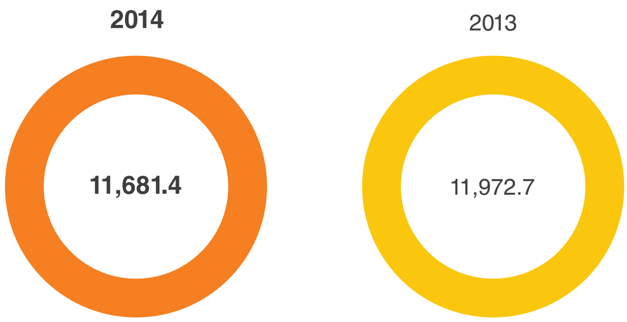
COMPANY WEBSITE

www.tpv-tech.com

Contents

Financial Highlights

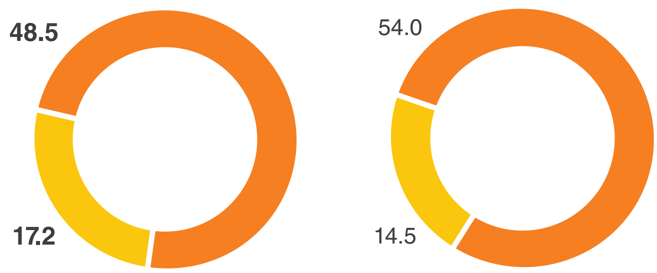
CONSOLIDATED REVENUE
(US$ MILLION)



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

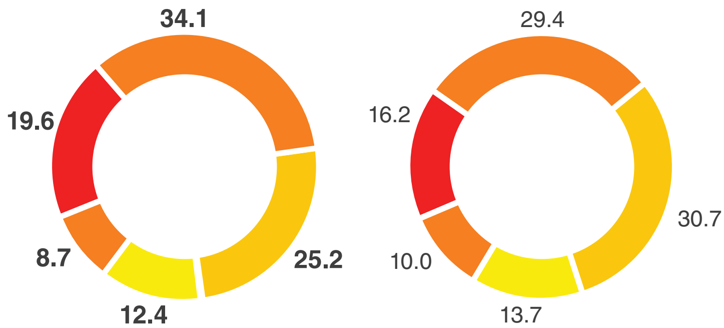
SHIPMENT BY PRODUCT SEGMENT
(MILLION UNITS)

- TV
- Monitor



REVENUE BY GEOGRAPHIC REGIONS
(%)

- Europe
- PRC
- North America
- South America
- Rest of the World



	2014	2013	2012	2011	2010
OPERATING RESULTS (US$'000)					
Consolidated revenue	**11,681,427**	11,972,698	11,974,836	11,040,124	11,631,576
Profit/(loss) attributable to owners of the Company	**41,808**	(47,246)	112,408	120,398	169,349
Basic earnings/(loss) per share (US cents)	**1.78**	(2.01)	4.79	5.13	7.37
Dividends per share (US cents)	**0.128**	0.128	1.43	1.54	2.16
FINANCIAL POSITION (US$'000)					
Total assets	**6,319,170**	6,258,694	6,448,500	5,256,703	5,127,132
Cash and bank balances	**455,210**	364,560	497,871	303,337	184,426
Total borrowings and loans	**443,293**	523,796	422,352	440,163	472,533
Equity attributable to owners of Company	**1,678,350**	1,767,126	1,874,899	1,829,312	1,790,655
KEY FINANCIAL RATIOS					
Inventory turnover (days)	**46.9**	45.7	40.6	40.7	35.8
Trade receivables turnover (days)	**68.4**	69.7	71.9	75.9	63.9
Trade payables turnover (days)	**82.8**	77.9	72.6	75.1	69.1
Return on equity (%)	**2.5**	n/a	6.0	6.7	10.3
Return on assets (%)	**0.7**	n/a	1.9	2.3	3.6
Current ratio (%)	**110.0**	110.8	121.6	126.4	126.1
Gearing ratio* (%)	**15.3**	12.8	12.2	14.5	9.2
Interest coverage (times)	**1.4**	0.1	2.8	11.9	12.9
Dividend payout ratio (%)	**7.2**	n/a	29.8	30.0	29.9

* Gearing ratio is represented by the ratio of total borrowings and payables under discounting arrangement to total assets.

Chairman's Statement

We at TPV never stand still and are constantly striving for improvement.

DEAR SHAREHOLDERS,

The story of 2014 was very much one of transformation and revitalization for TPV after a challenging 2013.

Not only did we witness improvement in the Group's financial performance, but we also introduced measures to strengthen our operational efficiency which will enable us to build higher and more sustainable growth in the long run. While revenue stayed flat at US$11.7 billion (2013: US$12 billion), we were able to lift our profit margin in the face of a very difficult environment, not to mention the very volatile currency market. The Group reported a profit attributable to shareholders of US$41.8 million during the 2014 fiscal year (2013: loss of US$47.2 million).

We at TPV never stand still and are constantly striving for improvement. The consolidation of shareholding in TP Vision has offered us an opportunity to form a truly integrated global sales platform, boosting efficiency and refining our cost structure. The alignment of everything from systems and support to procurement, production, finance, human resources and sales and marketing will drive major economies of scale. Referred to as Business Model Optimization, the transformation process was a challenging and elaborate one as it covered every aspect of our business operations. Thanks to the hard work and dedication of our project team, the integration was smooth and completed on schedule and successfully.

At the same time, we restructured the organization of TP Vision and divided it into four sales regions, managed centrally from our sales headquarters in Taipei. This change will speed up the decision making process and our response times to market changes. The new innovation centre in Ghent, Belgium, also commenced operations in the fourth quarter, pooling together our key innovation and development competencies in a brand new facility on the campus of the University of Ghent which is a world-renowned cluster for multimedia innovation and research. The new location also gives us access to the pool of talent in this area.

The TV market in 2014 was a relatively satisfactory one, although there were challenges. A shortage of panels of mainstream sizes and a strengthening U.S. dollar coupled with steep depreciation of commodity currencies, on top of a fragile economic environment in Europe and Latin America, all put pressure on our volume and profitability. Despite all the adversities in the marketplace, I'm pleased that we recorded respectable results in our TV business. We not only increased shipments by almost 20 percent but improved profitability as our operating loss narrowed by an encouraging 80 percent. The volume growth was attributable to an increase in ODM (Original Design Manufacturer) business, as we further collaborated with existing customers and broadened our customer base.

Turning to the monitor segment, we maintained our dominant position in the industry with a 36 percent market share. We also enhanced our profit margin — again an outstanding performance given the stagnant market environment I have described. While demand shrank more than we had anticipated, a decrease in quantity of shipments was compensated for by an increase in the average selling price ("ASP") as consumers chose larger size displays with more and better features. In addition, we have been supplying multi-functional displays for years and in 2014 they contributed around 30 percent of segment revenue. Digital advertising and public information usage has driven the development of such displays in the last few years, and applications in education and the medical sector present huge opportunities for us going forward.

Much of our efforts over the last two years have been about transformation. We believe that we have built a strong foundation which will enable us to ride the peaks and troughs of the business cycle. In 2015, we shall take a more proactive approach aimed at increasing volume and capturing more market share. Aside from continuing to offer products and marketing innovations to attract consumers, we will develop a clear online business strategy to address this fast growing distribution channel for our products. Moreover, this year Philips TV products will be re-launched in the Asia Pacific market, which will help us to increase shipments in this key region for sector growth.

We shall also stay abreast of the developing market trends in mobile integration and connectivity. The market for mobile internet products is now worth over US$200 billion a year, and demand for products which can synchronize with different devices is mounting. We shall strengthen our investment in mobile integration and connectivity and broaden our product portfolio as we look to the sector for growth opportunities.

I must take this opportunity to thank all TPV stakeholders for the great support that you have given us during the past year. Our shareholders have shown confidence in our decisions and strategies; the partnership and loyalty of our suppliers and customers has been indispensable; and our talented and hardworking management and employees around the globe have helped us overcome the challenges in our way. Finally, I would like to express my gratitude to the board of directors for their extremely valuable guidance. In 2014, Mr Jun Nakagome resigned from his role as a non-executive director and I would like to record my sincerest thanks for his noteworthy contributions to the Company. In addition, I extend a warm welcome to Mr Hideki Noda, who joins the board as a non-executive director.

Dr Hsuan, Jason
Chairman and Chief Executive Officer

Hong Kong, 19th March 2015

Management Discussion and Analysis

INDUSTRY REVIEW

The past year was marked by a global economy whose direction often proved uncertain. Regional conflicts flared across parts of Ukraine, Europe experienced stagnant economic growth and deflationary pressure, and most currencies, especially commodities' currencies, depreciated heavily against the U.S. dollar. Despite these challenges, the display industry recorded a satisfactory year. Worldwide TV shipments reached 223 million as demand surged 7 percent compared to last year. The uptick was driven by an economic recovery in the U.S. and steady growth in the Asia-Pacific markets. Nevertheless, monitor demand remained weak overall, and full year shipment declined to 135 million units, down 5 percent year-on-year.

In contrast, panel prices rose and held firm throughout the year. There was even a shortage in certain screen sizes, such as monitors measuring 18.5", 21.5" and 23.6" and TVs measuring 32", 40" and 55". These developments were fueled by panel suppliers' focusing their capacities in responding to a growing market for large-sized displays coupled with a robust demand for small-sized panels for tablet and mobile devices.

GROUP PERFORMANCE

The Group's performance significantly improved compared to last year. This encouraging turnaround stemmed from the Group's efforts in channel and inventory management. Consolidated revenue stood at US$11.7 billion (2013: US$12 billion), and profit attributable to shareholders was US$41.8 million (2013: loss of US$47.2 million). The Group also saw its gross profit ("GP") margin ascend to 8.5 percent (2013: 7.2 percent).

Our TV business reported encouraging results, both in terms of volume and profitability. During the year, TPV shipped 17.2 million TV sets, a notable increase of 18.3 percent (2013: 14.5 million sets) that was powered by good growth in the ODM business, where we diversified the customer base and won increased support from existing clients. This shipment figure places the Group third in the global TV market. Segment revenue, however, came in flat at US$4.9 billion (2013: US$5 billion) because ODM orders were primarily mid-to-low-range products. As a result, the ASP dipped to US$287.90 (2013: US$345.40).

On the other hand, the business segment's profitability improved satisfactorily. GP margin grew from 8.3 percent last year to 10.5 percent. This expansion was attributed to several factors: a strong product line-up that was accompanied by an effective marketing strategy to generate stock rotation, a flexible organizational structure to swiftly respond to market needs, and the implementation of reorganized sales and distribution channels to achieve a thoughtful balance between market share and profitability.

These results reflected on substantial behind-the-scenes improvements in our business model. Our consolidated shareholding in TP Vision allowed a full integration in operations in a way that heightened efficiency and save costs. While TP Vision still recorded a loss of US$170.5 million (2013: US$233.2 million) at operating level this year, we are glad to see its performance improving steadily. Consequently, the Group's TV business reported an operating loss of US$51.4 million, which was 75.9 percent lower than last year.

In the monitor segment, TPV maintained its dominant position by shipping 48.5 million units (2013: 54 million units), which equaled 36 percent market share. Segment revenue, however, contracted from US$5.7 billion last year to US$5.2 billion. The retreats in volume and revenue were compensated by a higher ASP at US$107.80 (2013: US$104.80) which the Group sold more large-screen sizes and models with better features during the year. Profitability also enhanced in which GP margin increased to 7.9 percent (2013: 7.1 percent). As a result, the monitor business recorded an operating profit of US$125.3 million (2013: US$214.4 million). The figure was comparable to 2013 which included a one-time gain of US$89 million from disposal of fixed assets.

Management Discussion and Analysis

OPERATIONS REVIEW

Organizational change was the mantra this past year for TP Vision. Immediately after it becomes the Group's wholly-owned subsidiary in June, we conducted a number of changes, including a restructuring worldwide that divided operations into four sales regions, two innovation and development centers and seven sales organizations. We also set up two shared service centers to handle mid- and back-office functions for the Europe region. This more logical and simplified structure will accelerate vital decision-making and responsiveness to market movements. We will also be better able to steer strategy to directly align with local customers' needs. In a similar vein, the Group reorganized the billing system to be more straightforward in serving our tax and operational needs. Furthermore, we consolidated and shifted certain financial operations from TP Vision to TPV, including our accounting system, management reporting, treasury and other functions for central management. Finally, we integrated other systems with TPV's existing network so that processes and management practices are as standardized as possible across the Group.

Mindful of mitigating inventory risk in a dynamic market environment, the Group placed particular emphasis on stock management, not merely monitoring the movement of stock on hand but also its sequencing channel by channel. The Group also appropriately adjusted its marketing strategy to spur stock variation. These efforts proved fruitful as we saw a significant reduction in inventory-related losses and costs.

Production

A number of initiatives and enhancements were implemented on the production lines that further improved the Group's cost structure as well as elevated efficiency and competitiveness. The Group redesigned and integrated a TV and LCM production line in Xiamen factory. This new approach speeds up the entire production flow as well as saves manpower and logistics costs. In addition, we introduced a 'just-in-time' panel inventory system to shorten TV production lead times by three days. Furthermore, we proliferated the presence and use of automation throughout the entire production process.

These new measures have proved successful and effective. We fully intend in 2015 to extend these initiatives to other factories.

Research and Development

On this front, the Group is especially pleased to report a host of beneficial changes and achievements. These included the official debut of a new innovation site in Europe and an innovation complex in Xiamen becoming operational in September. The new innovation center in Ghent, Belgium represents our large-scale organizational change as it combines the research and development that had been based in Eindhoven, The Netherlands, and in Bruges, Belgium, for product strategy, concept and development. In other measures, we bolstered teams that were already in place in China, Taipei, and Bangalore, India. These shifts helped us cut costs but maintain technological expertise. Now more than ever, TPV possesses a highly competent roster of talented engineers and support staff drawing upon international perspectives and valuable skillsets.

With respect to products, TP Vision unveiled an Android-based Smart TV, the first of its kind, in Europe in May. Moreover, the Group introduced several noteworthy products, ranging from new ultra-high definition ("UHD") and curved screen TVs to exciting innovative models with updated features, designs and materials. To build on our progress, we formulated teams to focus on new technologies such as quantum dot ("QD") and multi-connection display products.

As a gratifying culmination of careful in-house research, we obtained a patent for the Group's anti-blue light technology to protect eyes from overload and deteriorating vision. This patent was just one of more than 250 patents we secured last year.

HUMAN RESOURCES

As at 31st December 2014, the Group had a total workforce of 31,589 (2013: 32,906) worldwide. Once again, our employees were remunerated in accordance with industry practice in the locations where they worked. We maintain our belief that our employees are the Group's most valuable assets. Acting on this belief, we made available classroom and on-the-job training opportunities that encompassed technical, functional and soft skills. As a rule, we encourage employees to study and grow with the Group. We recognize that only when our people are given adequate room to flourish will the Group likewise perform at its best.

Going further, the Group encourages work-life balance for all staff. Accordingly, we keenly organized social activities to foster team building and endeavored to cultivate a nurturing, uplifting and harmonious working and living environment.

OUTLOOK

Clearly, global economic uncertainties will pose formidable challenges to our business outlook. Several developments bear watching, including Europe's lengthy recovery, China's slowing growth, and the cost pressures associated with a more robust U.S. dollar coupled with the depreciation of many other currencies. We have, and will continue, to exercise stringent controls on foreign exchange to mitigate the impacts of currencies fluctuation. We have also raised our selling prices in some markets to offset such circumstances.

Within the industry, TV demand is expected to enjoy growth driven by replacement orders in the U.S. and China. A notable trend will be the continuing popularity of XXL products, namely those measuring 46" and above. We also anticipate that as UHD products become better-equipped owing to broader competition, the ensuing more accessible price points will activate new consumer groups. Other developments include the rise of QD technology. This innovation enhances image coloring and substantially upgrades visual experiences at a much lower cost than OLED-powered products. Accordingly, TPV will introduce QD products later this year. Monitors are generally trending in the same direction as TVs, and TPV's overarching strategy is to move toward products that are smart and large-sized while offering high-resolution quality.

As noted in our chairman's statement, the Group will respond to market trends showing a heightened appetite for mobility and connectivity. We will actively explore business opportunities in these areas. The idea is to strategically broaden our portfolio and to create synergies with the Group's existing products.

Our ambitions encompass a diverse array of pursuits. As online shopping swells in popularity buoyed by displays in shops, we are devoting more efforts to support both ends. Last year in China, for example, we revamped our distribution channels for TV products and increased our presence on online platforms. Both moves were favorably received, and we will continue with these measures in 2015.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31st December 2014, the Group's cash and bank balances (including pledged bank deposit) totaled US$459.2 million (2013: US$370.1 million). Credit facilities secured from banks totaled US$3.9 billion (2013: US$4.5 billion), of which US$1.4 billion was utilized (2013: US$1.5 billion).

All the Group's debts were borrowed on a floating-rate basis. The maturity profile of the debts as at 31st December 2014 was as follows:

	As at 31st December 2014 (US$'000)	As at 31st December 2013 (US$'000)
Within one year	**255,457**	317,969
Between one year and five years	**187,836**	205,827
Wholly repayable within five years	**443,293**	523,796

The Group's gearing ratio, represented by the ratio of total borrowings and payable under discounting arrangement to total assets, was 15.3 percent (2013: 12.8 percent), whereas our current ratio sustained at 110.0 percent (2013: 110.8 percent).

FOREIGN EXCHANGE RISK

The Group has an international operation and therefore faces exposure on foreign exchange, including transaction and translation exposure. The Group has a standing foreign exchange risk management policy and uses forward contracts and various derivative instruments to mitigate the associated risks. Details of the risks are discussed in Notes 3.1(a)(i) and 35(a) to the consolidated financial statements.

Report of the Directors

The directors submit their annual report together with the audited consolidated financial statements for the year ended 31st December 2014.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 19 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in Note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 49.

PROPOSED FINAL DIVIDEND

The directors recommend the payment of a final dividend of US0.128 cent per ordinary share, totaling approximately US$3,002,420 for the year ended 31st December 2014.

The proposed final dividend is payable in cash to shareholders in US dollars save that those shareholders whose names appearing on the register of members of the Company in Hong Kong will receive the equivalent amount in HK dollars and those shareholders whose names appearing on the record of members of the Company in Singapore will receive the equivalent amount in Singapore dollars, both calculated at the relevant exchange rates quoted by banks in Hong Kong at or about 11:00 a.m. on Friday, 29th May 2015.

The dividend cheques will be distributed to shareholders on or about Tuesday, 9th June 2015.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from Thursday, 28th May 2015 to Friday, 29th May 2015, during which period no transfer of shares will be registered.

In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 27th May 2015 or the Company's share transfer office in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 5:00 p.m. on Wednesday, 27th May 2015 (as the case may be).

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 29 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 16 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the investment properties of the Group are set out in Note 18 to the consolidated financial statements.

DONATIONS

Charitable and other donations made by the Group during the year amounted to approximately US$595,000.

PENSION

Details of the pension are set out in Note 32 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 27 to the consolidated financial statements.

SHARE OPTION

At the annual general meeting held on 15th May 2003, shareholders of the Company approved the adoption of a share option scheme (the "Option Scheme"). On 18th January 2011, 45,000,000 number of share options were granted with exercise price of HK$5.008 and exercisable within 10 years from the grant date.

The purpose of the Option Scheme is to provide the Company with a flexible and effective means of incentivizing, rewarding, remunerating, compensating and/or providing benefits to directors and employees of the Group.

The principal terms of the Option Scheme are summarized below:

(1) Participants of the Option Scheme

Any employee or director including executive and non-executive directors of the Company, any of its holding companies and any of their respective subsidiaries and any entity in which the Company or any of its subsidiaries holds any equity interest.

(2) Maximum number of shares

The remaining number of shares available for issue under the Option Scheme is 189,583,613 representing 8.08 percent of the issued share capital of the Company as at the date of this report.

Since the Option Scheme expired on 14th May 2013, no further option can be granted under this scheme.

(3) Maximum entitlement of each participant

The board shall not grant any option (the "Relevant Option") to any participant, which, if exercised, would enable such participant to subscribe for such number of shares as, when aggregated with the total number of shares already issued or to be issued to him under all options granted to him (including those options exercised, cancelled or outstanding) in the 12-month period up to and including the offer date of the Relevant Options, exceed 1 percent of the shares in issue on such date.

SHARE OPTION (CONTINUED)

(3) Maximum entitlement of each participant (Continued)

The board may grant options to any participant in excess of the individual limit of 1 percent in any 12-month period with the approval of the shareholders in general meeting (with such participant and his associates abstaining from voting). In such situation, the Company will send a circular to the shareholders and the circular must disclose the identity of the participant, the number and terms of the options to be granted (and previously granted to such participant).

(4) Payment on acceptance of options

A participant shall pay the Company HK$1.00 for the grant of an option on acceptance of an option within 28 days after the offer date.

(5) Time of exercise of options

Subject to the provisions of the Option Scheme, an option may be exercised at any time during such period notified by the board as not exceeding 10 years from the offer date. The exercise of options may also be subject to any conditions imposed by the board at the time of offer.

(6) Basis of determining the subscription price

The subscription price will be determined by the board and it shall not be less than the highest of, (i) the closing price of the shares of the Company as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Exchange") on the date of offer of the options; and (ii) the average closing price of the shares of the Company as stated in the Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company.

(7) Remaining life of the Option Scheme

The Option Scheme has no remaining life as it expired on 14th May 2013. No further options may be granted but the provisions of the Option Scheme shall in all other respects remain in full force and effect and options which are granted during the life of the Option Scheme may continue to be exercisable in accordance with their respective terms of issue.

Particulars of outstanding options under the Option Scheme at the beginning and at the end of the year and options exercised and lapsed during the year were as follows:

				Number of options			
	Date of grant	Exercise Price HK$	Exercisable Period	As at 1st January 2014	Exercised	Lapsed	As at 31st December 2014
Director							
Dr Hsuan, Jason	18/01/2011	5.008 (Note)	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)	18/01/2012-17/01/2021	9,107,500	–	(815,000)	8,292,500
			18/01/2013–17/01/2021	9,107,500	–	(815,000)	8,292,500
			18/01/2014–17/01/2021	9,107,500	–	(815,000)	8,292,500
			18/01/2015–17/01/2021	9,107,500	–	(815,000)	8,292,500
				37,030,000	–	(3,260,000)	33,770,000

SHARE OPTION (CONTINUED)

(7) Remaining life of the Option Scheme (Continued)

Note:

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.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31st December 2014, including contributed surplus, amounted to approximately US$119,585,000 (2013: US$123,483,000).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 165.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive right under the Company's bye-laws and there was no restriction against such rights under the laws of Bermuda.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Director

Dr Hsuan, Jason

Non-executive Directors

Mr Liu Liehong	(Notes 1 and 2)
Ms Wu Qun	(Note 2)
Mr Du Heping	(Note 2)
Dr Li Jun	(appointed on 16th March 2014) (Note 2)
Mr Hideki Noda	(appointed on 1st April 2014) (Note 2)
Mr Lu Ming	(resigned on 16th March 2014)
Mr Jun Nakagome	(resigned on 1st April 2014)

Independent Non-executive Directors

Mr Chan Boon Teong	(Notes 1 and 3)
Dr Ku Chia-Tai	(Notes 1 and 3)
Mr Wong Chi Keung	(Note 3)

DIRECTORS (CONTINUED)

Notes:

(1) In accordance with Bye-law 99 of the Company's Bye-laws, Mr Liu Liehong, Mr Chan Boon Teong and Dr Ku Chia-Tai will retire by rotation and, being eligible, will offer themselves for re-election at the Company's forthcoming annual general meeting.

(2) None of the non-executive directors was appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

(3) The Company has received confirmation of independence from independent non-executive directors, namely Mr Chan Boon Teong, Dr Ku Chia-Tai and Mr Wong Chi Keung, and considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without the payment of compensation, other than the statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Directors

Dr Hsuan, Jason
Executive Director
Chairman & Chief Executive Officer (Age: 71)

Dr Hsuan, joined the Group in 1990 and has been the chairman and chief executive officer of the Company since 1999. Dr Hsuan is the chairman of nomination committee, investment committee and information disclosure committee and a member of remuneration committee of the Company. He is also a director of certain subsidiaries of the Company. Dr Hsuan is responsible for the overall corporate policies and business development of the Group. Before joining the Company, he had over 20 years of managerial experience in well-known multinational listed enterprises which include General Electric Company and PepsiCo Inc. Dr Husan graduated from the Department of Electrical Engineering of National Cheng Kung University, Taiwan in 1968, and holds a Doctorate degree of Philosophy in Systems Engineering from the Polytechnic Institute of Brooklyn and a Master's degree in Systems Engineering from Boston University. Dr Hsuan is also a non-executive director of Nanjing Panda Electronics Company Limited (a company listed on the Exchange and Shanghai Stock Exchange), chairman of Standard Investment (China) Limited, Shanghai Standard Food Co. and Standard Food (China) Limited, director of Standard Foods Corporation (a company listed on the Taiwan Stock Exchange) and an independent director of Array inc. (a company listed on the GreTai Securities Market). Dr Hsuan is the brother-in-law of Dr Chen Nai-Yung, senior vice president and chief information officer of the Company.

Mr Liu Liehong
Non-executive Director (Age: 46)

Mr Liu obtained his MBA degree from Xi'an Jiaotong University, China and titles of senior engineer and researcher. He is an industry expert enjoying special government allowance granted by China State Council. He has rich experience in managing large enterprises. Mr Liu is the chairman of the board, the executive director and chairman of strategic development and risk control committee of Great Wall Technology Company Limited ("GWT"), and the director and general manager of China Electronics Corporation ("CEC"), which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). Mr Liu previously served as the chairman of the board of China Electronics Industry Corporation and CEC Corecast Company Limited (a company listed on Shanghai Stock Exchange), the chairman of the board, legal representative and non-executive director of CCID Consulting Company Limited (a company listed on the Exchange), the president of China Center of Information Industry Development, the director of the Second Research and the deputy director of the Twenty Nine Research Institute of China Electronics Technology Group Corporation. Mr Liu became a non-executive director of the Company in October 2009.

Directors (Continued)

Ms Wu Qun
Non-executive Director (Age: 55)

Ms Wu, a graduate of the Research Institute for Fiscal Science, Ministry of Finance, China with a Doctorate degree in Accounting and received a title of senior accountant. Ms Wu has solid experience in capital and asset management. Currently, she is the chief corporate economist of CEC and the director of CEC's asset management department, a substantial shareholder of the Company within the meaning of Part XV of the SFO. She is also a director of China Great Wall Computer Group Company ("CGWCG"), the chairman of the board of CEC Huahong International Company Limited and a director of Shanghai Hua Hong (Group) Co., Ltd. She was previously appointed as a director of China Integrated Circuit Design (Group) Corp., Ltd. (resigned on 5th January 2015), the deputy general manager of CEC's asset management department, a director of Great Wall Information Industry Co., Ltd. (a company listed on Shenzhen Stock Exchange), the general manager of China Electronics Industry Corporation's finance department, a director of management and consulting department of Deloitte Touche Tohmatsu CPA Limited, a director of Deloitte Beijing substation department of risk management, the supervisor, accounting department of Research Institute for Fiscal Science, Ministry of Finance, China. Ms Wu was appointed as a non-executive director of the Company in October 2009. She is also a member of nomination committee and investment committee of the Company.

Mr Du Heping
Non-executive Director (Age: 60)

Mr Du, a graduate of Party School of the Central Committee of Communist Party of China, postgraduate education, specializing in Economic Management and obtained a title of senior business operator. He has extensive experiences in the field of science and technology development, production management as well as quality management. He is the president and executive director of GWT, a substantial shareholder of the Company within the meaning of Part XV of the SFO, the vice chairman and the secretary of the Communist Party of Shenzhen Kaifa Technology Co., Ltd. (a company listed on Shenzhen Stock Exchange). He is also the vice chairman of China Electronics Enterprises Association, the executive director of China Computer Industry Association, the chairman of Shenzhen Electronic Information Industry Association, the chairman of Shenzhen Computer Industry Association, the vice chairman of Shenzhen Municipal Science and Technology Association, the vice chairman of Shenzhen Computer Society and the chairman of the Association of Volunteers for Science Popularization in Shenzhen. Previously, he has been the chairman and the secretary of the Communist Party, the vice president and the secretary to the board of directors, the deputy general manager of China Great Wall Computer Shenzhen Co., Ltd. ("CGCSZ") (a company listed on Shenzhen Stock Exchange), a substantial shareholder of the Company within the meaning of Part XV of the SFO, the organizing officer in charge and factory manager of Great Wall Power Supplies Factory. Mr Du has been awarded the title of "Top 10 Outstanding Enterprisers of listed Companies in Guangdong 2010" in December 2010. Mr Du was appointed as a non-executive director of the Company in October 2009. He is also a member of information disclosure committee of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Directors (Continued)

Dr Li Jun
Non-executive Director (Age: 39)

Dr Li, graduated from Wu Han University with a doctorate degree in Photogrammetry and Remote Sensing. Dr Li has over 10 years of working experiences in government industrial planning, enterprise strategic, informatization planning and science & technology management. He has successfully directed a number of influential monographs, on regional and municipal industrial planning, operation strategies of large scale state-owned enterprises directly under control of the central government and informatization planning projects. He also directed the writing of *China Strategic Emerging Industries Development and Application*, *China Strategic Emerging Industries Development and Management*, *Investment Financing M&A of China Strategic Emerging Industries* and *China Cloud Computing Industry Development and Application*. Dr Li currently is a non-executive director of Solomon Systech (International) Limited (a company listed on the Exchange) (appointed on 8th October 2014) and the Deputy General Manager of the Department of Planning, Science & Technology of CEC, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO. He previously served as the President and the Executive Director of CCID Consulting Company Limited (a company listed on the Exchange) and the Deputy Chief Engineer of China Center for Information Industry Development, which is the biggest think tank under the supervision of the Ministry of Industry and Information Technology. Dr Li was appointed as a non-executive director of the Company in March 2014. He is also a member of remuneration committee and investment committee of the Company.

Mr Hideki Noda
Non-executive Director (Age: 52)

Mr Noda graduated from Hitotsubashi University with a bachelor degree in law. He has over 25 years of experience in the electronics business field. Mr Noda joined Mitsui in 1985, one of the biggest trading firms in Japan (a company listed on the Tokyo Stock Exchange, Nagoya Stock Exchange, Sapporo Securities Exchange and Fukuoka Stock Exchange). Currently, Mr Noda is the general manager of IT Service Division, Innovation & Corporate Development Business Unit of Mitsui, a substantial shareholder of the Company within the meaning of Part XV of the SFO. He is also a director of Moshi Moshi Hotline, Inc. (a company listed on the Tokyo Stock Exchange), an affiliated company of Mitsui (appointed on 26th June 2014). Mr Noda was appointed as a non-executive director of the Company in April 2014. He is also a member of each of the investment committee and information disclosure committee of the Company.

Mr Chan Boon Teong
Independent Non-executive Director (Age: 72)

Mr Chan graduated from Imperial College of the University of London with a Bachelor's degree in Electrical Engineering. Mr Chan also holds Master's degrees in Electrical Engineering and Operational Research from the Polytechnic University of New York City. He has over 40 years of experience in the financial, commercial, industrial and real estate business in the Southeast Asia region. Currently, Mr Chan is the honorary chairman and a senior consultant of Coastal Greenland Limited (a company listed on the Exchange). Previously, he was the chairman and an executive director of Coastal Greenland Limited, a director of the former Kowloon Stock Exchange, a Committee member of the 9th, 10th and 11th Plenary Sessions of the Chinese People's Political Consultative Conference from March 1998 to February 2013, a member of the 6th, 7th and 8th Standing Committee of the All-China Federation of Returned Overseas Chinese from 1999 to 2013 and a director of Cathay United Bank Co. Ltd., a subsidiary of a listed company in Taiwan. Mr Chan was appointed as an independent non-executive director of the Company in May 1998. He is also the chairman of audit committee and remuneration committee and a member of nomination committee, investment committee and information disclosure committee of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Directors (Continued)

Dr Ku Chia-Tai
Independent Non-executive Director (Age: 72)

Dr Ku holds a Bachelor's degree in Electrical Engineering from National Cheng Kung University, Taiwan, a Master's degree in Electrical Engineering from Rutgers, the State University of New Jersey, U.S.A. and a Doctorate degree in Electrical Engineering from the University of Pittsburgh, U.S.A. Dr Ku has over 30 years of managerial experience in both computer and telecommunications industries. He is currently an independent director of Systex Corporation (a company listed on Taiwan Stock Exchange). He previously was the general manager of Wang Computer (Taiwan) Limited, the president of GTE Taiwan Communication Systems Limited, the president of Siemens Telecom Systems Limited and the president of Beijing Switching International Co. Dr Ku was appointed as an independent non-executive director of the Company in May 1998. He is also a member of audit committee, nomination committee and remuneration committee of the Company.

Mr Wong Chi Keung
Independent Non-executive Director (Age: 60)

Mr Wong holds an MBA degree from the University of Adelaide, Australia. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia, an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr Wong is also a responsible officer for asset management, advising on securities and corporate finance for Greater China Capital Limited (formerly known as Sinox Fund Management Limited) under the SFO of Hong Kong.

Mr Wong has over 37 years of experience in finance, accounting and management. He is currently an independent non-executive director and a member of the audit committee of ENM Holdings Limited, Asia Orient Holdings Limited, Asia Standard International Group Limited, Century City International Holdings Limited, China Nickel Resources Holdings Limited, China Ting Group Holdings Limited, Golden Eagle Retail Group Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited, Yuan Heng Gas Holdings Limited (formerly known as Ngai Lik Industrial Holdings Limited) and Zhuguang Holdings Group Company Limited, all of these companies are listed on the Exchange. Mr Wong was previously an executive director, the deputy general manager, group financial controller and company secretary of Yuexiu Property Company Limited (formerly known as Guangzhou Investment Company Limited) for over ten years, an independent non-executive director of First Natural Foods Holdings Limited and PacMOS Technologies Holdings Limited (retired on 1st July 2014), all of them are listed on the Exchange. Mr Wong was appointed as an independent non-executive director of the Company in August 2004. He is also the member of audit committee, nomination committee, remuneration committee and an alternate member to Mr Chan Boon Teong of information disclosure committee of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Senior Management

Mr Tseng Tian-Lung
Senior Vice President and Chief Operating Officer (Age: 54)

Mr Tseng, joined the Group in 2005, is in charge of factory operation and quality assurance of the Group. He graduated from University of Florida, U.S.A. with a Master's degree in Industrial Engineering. Prior to joining the Group, he worked for Philips for 13 years and was in charge of OEM sales.

Mr Shane Tyau
Senior Vice President and Chief Financial Officer (Age: 58)

Mr Tyau, joined the Group in 1998, is responsible for managing the financial risks and investor relations of the Group. He holds a Bachelor of Commerce degree from the University of Calgary, Canada. Prior to joining the Group, he had over 15 years of experience in commercial and corporate banking. Mr. Tyau is also a member of information disclosure committee of the Company.

Dr Chen Nai-Yung
Senior Vice President and Chief Information Officer (Age: 64)

Dr Chen, joined the Group in 2008, is in charge of the information technology and human resources of the Group. He graduated from National Taiwan University, Taiwan with a Bachelor's degree in Electrical Engineering and holds a Doctorate degree in Electrical Engineering from the University of Rhode Island, U.S.A. Prior to joining the Group, he worked for the Texas Instruments Incorporated (a company listed on New York Stock Exchange) and Semiconductor Manufacturing International Corporation (a company listed on the Exchange). Dr Chen is the brother-in-law of Dr Hsuan, Jason, the chairman and chief executive officer of the Group.

Mr Hsieh Chi-Tsung
Senior Vice President (Age: 63)

Mr Hsieh, is in charge of the Own Branding Manufacturer (overseas) of the Group. He holds a Bachelor's degree in Mechanical Engineering from Feng Chia University, Taiwan and an Executive Master's degree in Business Administration from National Taipei University. He has worked as purchasing supervisor for over 30 years. Prior to joining the Group, He worked for well-known monitor manufacturers in Taiwan.

Mr Tuan Chen-Hua
Senior Vice President (Age: 62)

Mr Tuan, joined the Group in 1978, is responsible for the Group's own brand business in China and the Group's procurement operations. He holds a management degree in Business from Tsinghua University, Beijing. He was in charged for various businesses of the Group, such as materials procurement, Original Equipment Manufacturer ("OEM") and own brand. Since 2003, Mr. Tuan has been responsible for the own brand business and led the team to realize a remarkable improvement in the said aspect, making AOC as one of the top brands of monitors among the world. He has been serving for the Group for over 37 years.

DIRECTORS' INTERESTS IN CONTRACTS

There was no contract of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31st December 2014, the interests of the directors and chief executives 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 SFO, which were required to be notified to the Company and 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 31st December 2014, 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.

Save as disclosed above, at no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies, a party to any arrangement to enable the directors and chief executive 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 31st December 2014, the Group is controlled by CEC, which owns 37.05% 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 31st December 2014, 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	869,088,647 (Notes 1, 2)
CGWCG	570,450,000 (Notes 1, 2)
GWT	570,450,000 (Notes 1, 2)
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	426,802,590 (Note 2)
Innolux Corporation ("Innolux")	150,500,000 (Note 3)
Chimei Corporation ("CMC")	150,500,000 (Note 3)
FMR LLC	117,500,000

Notes:

(1) CEC, CGCHK, CGCSZ and CEIEC HK are the registered holders of the aggregate of 869,088,647 Shares held within the CEC Group, of which 46,680,000 Shares are held by CEC, 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 CGWCG, 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of sales for the year attributable to the Group's major customers are as follows:

Sales

— the largest customer	11.0%
— five largest customers combined	31.0%

The percentage of purchase for the year attributable to the Group's major suppliers are as follows:

Purchases

— the largest supplier	15.9%
— five largest suppliers combined	40.2%

Innolux being a substantial shareholder of the Company, has beneficial interest in one of the five largest suppliers disclosed above during the year.

Apart from disclosed above, none of the directors, their associates or any shareholder which to the knowledge of the directors owns more than 5 percent of the Company's issued share capital had an interest in the major suppliers or customers noted above.

CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in Note 42 to the consolidated financial statements also constituted connected transaction under the Listing Rules, required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected parties (as defined in the Listing Rules) and the Company have been entered into and/or are ongoing for which relevant announcements, if necessary, have been made by the Company in accordance with the requirements of the Listing Rules.

(1) Transaction with Mitsui and its associates (the "Mitsui Group")

The following transactions between the Group and the Mitsui Group incurred during the year constitute continuing connected transactions under Chapter 14A of the Listing Rules. Non-exempt continuing connected transactions which comprise the transactions contemplated under the Supply Agreement and the Component Sourcing Agreement (details of which are contained in the Circular to shareholders dated 13th December 2012 (the "December 2012 Circular")).

CONNECTED TRANSACTIONS (CONTINUED)

(1) Transaction with Mitsui and its associates (the "Mitsui Group") (Continued)

At the special general meeting of shareholders held on 28th January 2013, the independent shareholders approved the aforesaid non-exempt continuing connected transactions and their respective annual caps. The transaction amounts in respect of each of these continuing connected transactions for the year ended 31st December 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(i) the sales to the Mitsui Group by the Group for the supply and delivery of Products (as defined in the December 2012 Circular) under the Supply Agreement	US$8,000	US$22,000,000
(ii) The purchase of Components (as defined in the December 2012 Circular) by the Group from the Mitsui Group under the Component Sourcing Agreement	US$2,748,000	US$481,000,000

Reference is made to the announcement of the Company dated 23rd November 2012, the transactions contemplated under the Framework Secondment Agreement were exempt from independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules. The transaction amounts in respect of the continuing connected transactions for the year ended 31st December 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(iii) the secondment of various secondees from the Mitsui Group to the TPV Group under the Framework Secondment Agreement	Nil	US$1,100,000

(2) Transaction with CGCSZ and its subsidiaries (the "CGCSZ Group")

The following transactions between the Group and the CGCSZ Group incurred during the year constitute continuing connected transactions under Chapter 14A of the Listing Rules. Non-exempt continuing connected transactions which comprise the transactions contemplated under the Supply Agreement (details of which are contained in the Circular to shareholders dated 13th December 2012 (the "December 2012 Circular")).

At the special general meeting of shareholders held on 28th January 2013, the independent shareholders approved the aforesaid non-exempt continuing connected transactions and the annual caps. The transaction amounts in respect of the continuing connected transactions for the year ended 31st December 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(i) the sales to the CGCSZ Group by the Group for the supply and delivery of LCD Monitors (as defined in the December 2012 Circular) under the Supply Agreement	Nil	US$28,000,000

CONNECTED TRANSACTIONS (CONTINUED)

(3) Transaction with the CEC Group (the "CEC Group")

Reference is made to the announcement of the Company dated 8th March 2013, the transactions between the Group and CEC contemplated under the Trademarks Licensing and Sales Agency Agreement were exempt from independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules. The transaction amounts in respect of the continuing connected transactions for the year ended 31st December 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(i) The trademark fee paid to CEC Group under the Trademarks Licensing and Sales Agency Agreement dated 8th March 2013	US$306,000	US$595,550

(4) Transaction with Nanjing CEC Panda LCD Technology Co., Ltd. and its subsidiaries (the "Panda LCD Group")

The following transactions between the Group and the Panda LCD Group (a non-wholly owned subsidiary of CEC, the ultimate controlling shareholder of the Company) incurred during the year constitute continuing connected transactions under Chapter 14A of the Listing Rules. Non-exempt continuing connected transactions which comprise the transactions contemplated under the Procurement Agreement (details of which are contained in the Circular to shareholders dated 22nd June 2012 (the "June 2012 Circular")).

At the special general meeting of shareholders held on 17th July 2012, the independent shareholders approved the aforesaid non-exempt continuing connected transactions and the annual caps. The transaction amounts in respect of the continuing connected transactions for the year ended 31st December 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(i) The procurement of the Products (as defined in the June 2012 Circular) by the Group from Panda LCD Group under the Procurement Agreement	US$182,684,000	US$679,440,000

CONNECTED TRANSACTIONS (CONTINUED)

(5) Transaction with Nanjing CEC PANDA Home Appliances Co., Ltd. and its associates (the "Nanjing Panda Group")

Reference is made to the announcement of the Company dated 25th October 2013, the transactions between the Group and the Nanjing Panda Group (a non-wholly owned subsidiary of CEC, the ultimate controlling shareholder of the Company) contemplated under the Supply Agreement were exempt from independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules. The transaction amounts in respect of the continuing connected transactions for the year ended 31st December 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(i) The sales to the Nanjing Panda Group by the Group for the supply and delivery of Products under the Supply Agreement (as defined in the announcement dated 25th October 2013)	US$1,800,000	US$15,000,000

(6) Transaction with Shenzhen Sang Fei Consumer Communications Co., Ltd. and its associates (the "Sang Fei Group")

Reference is made to the announcement of the Company dated 21st July 2014, the transactions between the Group and the Sang Fei Group (a non-wholly owned subsidiary of CEC, the ultimate controlling shareholder of the Company) contemplated under the Supply Agreement were exempt from independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules. The transaction amounts in respect of the continuing connected transactions for the year ended 31st December 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(i) The sales to the Sang Fei Group by the Group for the supply of Products (as defined in the announcement dated 21st July 2014) under the Supply Agreement	US$3,249,000	US$10,000,000

Reference is made to the announcement of the Company dated 30th September 2014, the transactions between the Group and the Sang Fei Group contemplated under the Master Supplier Agreement were exempt from independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules. The transaction amounts in respect of the continuing connected transactions for the year ended 31st December 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(ii) The purchase of SF Products (as defined in the announcement dated 30th September 2014) by the Group from the Sang Fei Group under the Master Supplier Agreement	US$2,000	US$9,900,000

CONNECTED TRANSACTIONS (CONTINUED)

(7) Transaction with Shenzhen Jing Wah Consumer Communications Co., Ltd. and its associates (the "Jing Wah Group")

Reference is made to the announcement of the Company dated 30th September 2014, the transactions between the Group and the Jing Wah Group (a non-wholly owned subsidiary of CEC, the ultimate controlling shareholder of the Company) contemplated under the Procurement Agreement were exempt from independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules. The transaction amounts in respect of the continuing connected transactions for the year ended 31st December 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(i) The purchase of JW Products (as defined in the announcement dated 30th September 2014) by the Group from the Jing Wah Group under the Procurement Agreement	US$1,023,000	US$6,000,000

(8) Transaction with Philips and its subsidiaries (the "Philips Group")

Reference is made to the announcement of the Company dated 30th May 2014, all the conditions precedent to completion of the proposed acquisition of 30% equity interest in TP Vision have been fulfilled and the proposed acquisition was completed on 30th May 2014. Following completion, TP Vision has become an indirect wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Group.

The following transactions for the five months ended 30th May 2014 between the Group and the Philips Group constitute continuing connected transactions under Chapter 14A of the Listing Rules. Non-exempt continuing connected transactions which comprise the transactions contemplated under the agreements as shown below:

(a) At the special general meeting of shareholders held on 25th November 2009, the independent shareholders approved the following non-exempt continuing connected transactions and the annual caps. The transaction amounts in respect of the continuing connected transactions for the five months ended 30th May 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(i) The sales to the Philips Group by the Group for the supply and delivery of Products (as defined in the circular dated 23rd October 2009) under the Supply Agreement	US$247,000	US$2,772,000,000

CONNECTED TRANSACTIONS (CONTINUED)

(8) Transaction with Philips and its subsidiaries (the "Philips Group") (Continued)

(b) At the special general meeting of shareholders held on 6th March 2009, the independent shareholders approved the following non-exempt continuing connected transactions and the annual caps. The transaction amounts in respect of the continuing connected transactions for the five months ended 30th May 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(i) The trademark fee paid to Philips Group under the Trademark License Agreement dated 9th February 2009 (as defined in the Circular dated 17th February 2009)	US$2,438,000	US$2,500,000

(c) Reference is made to the announcement of the Company dated 29th September 2010, the transactions contemplated under the Trademark License Agreement were exempt from independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules. The transaction amounts in respect of the continuing connected transactions for the five months ended 30th May 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(i) The trademark fee paid to Philips Group under the Trademark License Agreement dated 29th September 2010	US$2,452,000	N/A

CONNECTED TRANSACTIONS (CONTINUED)

(8) Transaction with Philips and its subsidiaries (the "Philips Group") (Continued)

(d) At the special general meeting of shareholders held on 22nd February 2012, the independent shareholders approved the following non-exempt continuing connected transactions and the annual caps. The transaction amounts in respect of these continuing connected transactions for the five months ended 30th May 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(i) The trademark license fee payable to Philips Group under the Trademark License Agreement (5 years contracts) (as defined in the circular dated 23rd December 2011)	EUR15,689,513	EUR91,300,000
(ii) The trademark license fee payable to Philips Group under the Secondary Trademark License Agreement (5 years contracts) (as defined in the circular dated 23rd December 2011)	Nil	EUR3,300,000
(iii) The receipt of Cost of Organization needed to manage the future CONSUMER CARE for products sold in the past, including possible work for back charging to suppliers paid by Philips (as defined in the circular dated 23rd December 2011)	EUR783,333	EUR1,880,000
(iv) The receipt of rebate of 70% of the 3D patent royalty based on the Intellectual Property Agreement (as defined in the circular dated 23rd December 2011)	Nil	EUR1,050,000
(v) The service fees paid to Philips Group for the services provided by Philips include, but not limited to, innovation and design, finance, HR, distribution, sales and marketing, warehousing, purchase, customer care and real estate under the Transitional Services Agreement (as defined in the circular dated 23rd December 2011)	EUR2,284,801	EUR9,480,000
(vi) The purchase of remote controls (as defined in the circular dated 23rd December 2011) by the Group from Philips Electronics Singapore Pte. Ltd. under the Remote Control Sale Agreement	Nil	EUR3,850,000

CONNECTED TRANSACTIONS (CONTINUED)

(8) Transaction with Philips and its subsidiaries (the "Philips Group") (Continued)

	Transaction amounts of the continuing connected transactions	Annual caps
(vii) The license fee receivable from Philips Group related to the access of the NET TV portal, the Smart TV dashboard and to the websites of content service providers under the NET TV License and Services Agreement (as defined in the circular dated 23rd December 2011)	EUR583,333	EUR3,400,000
(viii) The sales to the Philips My Shop by TP Vision Netherlands B.V. for the finished goods under the Online Shop and My Shop Agreement (as defined in the circular dated 23rd December 2011)	EUR1,244,110	EUR7,260,000
(ix) The sales to the Philips employee shops by respective TP Vision sales organizations (Total: 7) for the finished goods under the Employee Shop Agreements (as defined in the circular dated 23rd December 2011)	EUR186,834	EUR5,280,000
(x) The receipt related to the lease by TP Vision Indústria Eletrônica Ltda. of a property of 8,600 sq metres at Manaus to Philips Brazil (as defined in the circular dated 23rd December 2011)	Nil	EUR2,600,000

(9) Transaction with Dixtal Biomédica Indústria e Comércio Ltda. ("Dixtal")

On 1st September 2013, the merger between TP Vision Indústria Eletrônica Ltda. and Envision Indústria de Produtos Eletrônicos Ltda. took place and thus the receipt related to lease by TP Vision Indústria Eletrônica Ltda. of a property in Brazil with Dixtal as mentioned above constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The transaction amounts in respect of the continuing connected transactions for the year ended 31st December 2014 are as follows:

	Transaction amounts of the continuing connected transactions	Annual caps
(i) The receipt related to lease by TP Vision Indústria Eletrônica Ltda. of a property in Brazil with Dixtal (as defined in the circular dated 23rd December 2011)	US$59,000	US$375,200

CONNECTED TRANSACTIONS (CONTINUED)

(10) Argentina Non-TV Transactions

There are two types of continuing transactions between Argentina JV and Philips relating to the non-TV business unit of Argentina JV ("Argentina Non-TV Transactions"), the details of which are set out below:

(i) a trademark license agreement between Argentina JV and Philips, pursuant to which Philips will grant Argentina JV the right to use certain trademarks relating to the non-TV products in Argentina. There is no payment obligation under such trademark license agreement; and

(ii) the provision of certain general corporate services, component purchase for non-TV products, sale of non-TV products and purchase of fixed assets for the production of non-TV products between Argentina JV and Philips. The provision of general corporate services comprises shared business services in relation to finance and accounting, sourcing and purchasing services, information systems support services, real estate and facility management services, general management services such as in-house legal services, corporate communications, public relations management and treasury services (such as payroll administration).

Philips has confirmed to the Company that the Argentina Non-TV Transactions are on normal commercial terms.

As disclosed in our circular of 23rd December 2011, on the basis that the economics and results of the non-TV business unit of Argentina JV are for the account of Philips Argentina (and not TP Vision), and that it would be impractical and unduly burdensome for the Company to monitor the continuing transactions between Philips and Argentina JV relating to the non-TV business unit of Argentina JV, the Company has applied to the Exchange for a waiver from compliance with the requirements of Chapter 14A of Listing Rules in relation to the Argentina Non-TV Transactions. A waiver from compliance with the requirements of Chapter 14A of Listing Rules in relation to the Argentina Non-TV Transactions was granted by the Exchange on 13th December 2011.

These continuing connected transactions have been reviewed by the board of directors, including the independent non-executive directors, who are of the opinion that the transactions were (i) in the ordinary and usual course of business of the Group; (ii) conducted in accordance with the respective agreements governing the continuing connected transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; (iii) on terms no less favourable than those available to or from independent third parties; and (iv) the aggregate amount of each class of the continuing connected transactions for the financial year ended 31st December 2014 has not exceeded their respective annual caps.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter and reported that in respect of the continuing connected transactions in notes (1) to (9) on pages 23–30 ("disclosed continuing connected transactions"):

(a) nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

(b) for transactions involving the provision of goods or services by the Group, nothing has come to his attention that causes him to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

CONNECTED TRANSACTIONS (CONTINUED)

(c) nothing has come to his attention that causes him to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

(d) with respect to the aggregate amount of each of the disclosed continuing connected transactions, nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the previous announcements made by the Company in respect of each of the disclosed continuing connected transactions.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

AUDITORS

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Dr Hsuan, Jason
Chairman and Chief Executive Officer

Hong Kong, 19th March 2015

Corporate Governance Report

CORPORATE GOVERNANCE CODE

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

During the financial year of 2014, the Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except for deviations from code provisions A.2.1, A.4.1 and E.1.2 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.

THE BOARD

The Board is responsible for the leadership and control of the Company, and it oversees the Group's businesses, strategic decisions and performance. The Board has delegated authority and functions for managing the Group's day-to-day business to its management. In addition, the Board has delegated various functions to Board committees. Further details of these committees are set out in this report.

The Company enables the directors, upon reasonable request and in appropriate circumstances, to seek independent professional advice at the Company's expense. The Board shall resolve to provide separate appropriate independent professional advice to the directors, in order to assist them in discharging their duties.

The Company has arranged for appropriate liability insurance to indemnify directors for liabilities arising from their corporate activities. This insurance coverage is reviewed on an annual basis.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer should be separate 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:

— 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 (CONTINUED)

Chairman and Chief Executive Officer (Continued)

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.

BOARD COMPOSITION

During the year and up to the date of this report, the Board consisted of one executive director, namely Dr Hsuan, Jason (Chairman), five non-executive directors, namely Mr Liu Liehong, Ms Wu Qun, Mr Du Heping, Dr Li Jun (appointed on 16th March 2014), Mr Hideki Noda (appointed on 1st April 2014), Mr Lu Ming (resigned on 16th March 2014) and Mr Jun Nakagome (resigned on 1st April 2014), and three independent non-executive directors, namely Mr Chan Boon Teong, Dr Ku Chia-Tai and Mr Wong Chi Keung. Independent non-executive directors constitute one-third of the Board and non-executive directors constitute more than half of the board.

Brief biographical particulars of the directors, together with information regarding the relationship among them, are set out in the Report of the Directors. Their mix of professional skills and experience is an important element in the proper functioning of the Board in ensuring a high standard of objective debate and overall input in the decision-making process.

Apart from annual confirmations of independence, which were made by the independent non-executive directors pursuant to Rule 3.13 of the Listing Rules, the Company also received quarterly confirmations of independence from these directors. The Board assessed the independence of the independent non-executive directors, and considered that all of them are independent within the definition of the Listing Rules.

RESPONSIBILITIES OF DIRECTORS

The Board requires Directors to devote sufficient time and attention to their duties and responsibilities. Apart from attending the schedule meetings which were fixed before the beginning of 2014, all Directors used their best endeavours to attend ad-hoc meetings, even on short notice, or participate by audio and video link.

RESPONSIBILITIES OF DIRECTORS (CONTINUED)

The Board holds four regular meetings a year, at quarterly intervals, and it also meets as and when required in between them. The dates of the regular meetings are scheduled during the preceding year, in order to give all the directors sufficient notice to allow them to attend. The Board held six meetings during 2014. The attendance of individual directors at these meetings is as follows:

Name of director	**Attendances/Number of Board meetings held during the director's term of office in 2014**
Executive Director	
Dr Hsuan, Jason *(Chairman and Chief Executive Officer)*	6/6
Non-executive Directors	
Mr Liu Liehong	4/6
Ms Wu Qun	6/6
Mr Du Heping	5/6
Dr Li Jun (appointed on 16th March 2014)	5/5
Mr Hideki Noda (appointed on 1st April 2014)	3/3
Mr Lu Ming (resigned on 16th March 2014)	2/2
Mr Jun Nakagome (resigned on 1st April 2014)	3/3
Independent Non-executive Directors	
Mr Chan Boon Teong	6/6
Dr Ku Chia-Tai	5/6
Mr Wong Chi Keung	6/6

The company secretary keeps the minutes of Board meetings for inspection by the directors.

The independent non-executive directors take an active role in Board meetings, and they make sound judgments on issues of strategy, policy, performance, accountability, resources and standards of conduct. They take the lead when potential conflicts of interest arise. They are also core members of the Company's Board committees.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties including (i) to develop and review the Company's policies and practices on corporate governance; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and (v) to review the Company's compliance with the CG Code.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

Each newly appointed director is enabled to have a proper understanding of the operations and businesses of the Group and full awareness of his or her responsibilities and ongoing obligation under the Listing Rules, applicable legal requirements, and other regulatory requirements, as well as the Company's corporate governance policies. In addition, all directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the year, the Company arranged a 10-day site visit in Europe in September for the directors to understand its operations in Europe markets. The Company also arranged a presentation and reference materials regarding the updates on Code of Corporate Governance for the directors to keep them updated with the key proposed changes in major governance areas.

According to the records provided by the directors, a summary of training received by the directors during 2014 is as follows:

Name of director	Type of continuous professional development programmes
Executive Director	
Dr Hsuan, Jason *(Chairman and Chief Executive Officer)*	A, B, C
Non-executive Directors	
Mr Liu Liehong	A, B, C
Ms Wu Qun	A, B, C
Mr Du Heping	A, B, C
Dr Li Jun (appointed on 16th March 2014)	A, B, C
Mr Hideki Noda (appointed on 1st April 2014)	A, B, C
Mr Lu Ming (resigned on 16th March 2014)	B
Mr Jun Nakagome (resigned on 1st April 2014)	B
Independent Non-executive Directors	
Mr Chan Boon Teong	A, B, C
Dr Ku Chia-Tai	A, B, C
Mr Wong Chi Keung	A, B, C

A: Site visit in Europe

B: Reading newspapers, journals and updates relating to the economy, general business, director's duties and responsibilities or updates on Code of Corporate Governance, etc.

C: Attending seminars and/or conferences

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 is no less exacting than the required standards set out in the Model Code in the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS (CONTINUED)

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 year ended 31st December 2014.

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.

DELEGATION BY THE BOARD

The day-to-day management of the Company is delegated to its management; and its division heads are responsible for various aspects of the business.

Major corporate matters that are specifically delegated by the Board to the management include the preparation of quarterly results, interim and annual reports and announcements for the Board's approval prior to publication, execution of the business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements, rules and regulations.

SUPPLY OF AND ACCESS TO INFORMATION

The chairman and chief executive officer periodically present the Group's updated strategies and objectives at Board meetings, to ensure that all directors are aware of the targets the Group has achieved.

The management is obliged to supply the Board and its committees with adequate information in a timely manner, so as to enable them to make informed decisions. If any director requires more information than is supplied by the management, he or she will have separate and independent access to the company secretary and management in order to make further enquires, if necessary.

All directors are entitled to access to Board papers, minutes and relevant materials.

ACCOUNTABILITY AND AUDIT

The directors acknowledge their responsibility for preparing the financial statements of the Company.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the directors continued to adopt the going concern approach in preparing the financial statements of the Company.

Since June 2000, the Company has been publishing its financial results on a quarterly basis to enhance transparency about its performance and to give details about the latest developments within the Group.

During the year, directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each director to discharge their duties.

The responsibilities of the external auditor with respect to financial reporting are set out in the Independent Auditor's Report on pages 47 to 48.

BOARD COMMITTEES

The Board has appointed five committees including the Audit Committee, the Nomination Committee, the Remuneration Committee, the Investment Committee and the Information Disclosure Committee, to discharge the Board functions. Sufficient resources are provided to enable the Board committees to undertake their specific roles. The respective role, responsibilities and activities of each Board committee are set out below:

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 Limited ("SGX").

The Audit Committee is responsible for providing the Board with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

All members of the Audit Committee are independent non-executive directors. Among them, they possess a wealth of management experience in the financial, accounting, commercial, industrial, real-estate and telecommunication sectors. The Committee is chaired by Mr Chan Boon Teong, and its other members are Dr Ku Chia-Tai and Mr Wong Chi Keung. Mr Wong Chi Keung is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia, an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. The Committee held eight meetings in 2014. The attendance of its individual members at these meetings is as follows:

Name of director	Number of attendances
Mr Chan Boon Teong *(chairman of the Audit Committee)*	8/8
Dr Ku Chia-Tai	7/8
Mr Wong Chi Keung	8/8

The work performed by the Audit Committee during the year included:

— Reviewing and revising its terms of reference to conform to the CG Code;

— Reviewing and recommending the annual financial statements for the year ended 31st December 2014;

— Reviewing and recommending the interim financial statements for the six months ended 30th June 2014;

— Reviewing and recommending the quarterly results;

— Reviewing the accounting policies adopted by the Group;

— Monitoring and analyzing connected transactions entered into by the Group during the year;

— Reviewing and approving internal audit reports and the system of internal control, and discussing these subjects with the management;

— Reviewing and approving the internal audit plan for 2015;

— Reviewing and recommending the appointment of external auditors as well as assessing their independence;

AUDIT COMMITTEE (CONTINUED)

— Reviewing the engagement of external auditors to provide non-audit services with reference to the Group's policies;

— Monitoring any possible areas of fraud and illegal risk;

— Reviewing, investigating and taking appropriate follow-up actions of the reports and concerns raised by employees through the whistle-blowing system;

— Reviewing information disclosure policy of the Group; and

— Having meetings with external auditors to discuss new corporate governance requirements.

The minutes of Audit Committee meetings are kept by the company secretary. Draft and final versions of the minutes of Audit Committee meetings are sent to all its members for their comment and records, respectively.

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 Board agreed with the Audit Committee's proposal to re-appoint PricewaterhouseCoopers as the Company's external auditor for the year 2015. The recommendation will be put forward for approval by the shareholders at the Company's annual general meeting on 21st May 2015.

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.

AUDITORS' REMUNERATION

During the year under review, the remuneration paid to the Company's auditor, PricewaterhouseCoopers, was as follows:

Services rendered	**Fee paid/payable US$'000**
Audit service	4,620
Non-audit services	
— Tax compliance	549
— Tax consulting	310
— Major acquisition	470
— Other	88
	6,037

Auditors' remuneration disclosed in Note 8 to the consolidated financial statements include the amounts payable to PricewaterhouseCoopers and other subsidiaries' auditors.

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 appointment and removal of directors should be reviewed by the nomination committee and then approved by the Board. Also, all the new directors are subject to election by the shareholders at the next annual general meeting, pursuant to bye-law 102(B) of the Bye-laws of the Company.

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.

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

The Nomination Committee shall meet as and when required, but in any event at least once per year. The Nomination Committee has the right to seek any independent professional advice, where necessary, at the Company's expense, to perform its responsibilities.

The Nomination Committee held one meeting during 2014. The attendance of its individual members at the meeting is as follows:

Name of director	Number of attendances
Dr Hsuan, Jason *(chairman of the Nomination Committee)*	1/1
Ms Wu Qun	1/1
Mr Chan Boon Teong	1/1
Dr Ku Chia-Tai	1/1
Mr Wong Chi Keung	1/1

During the year, the Nomination Committee had (i) reviewed the current structure and composition of the Board; and (ii) reviewed and recommended the Board Diversity Policy.

Subsequent to the financial year ended 31st December 2014 and up to the date of this report, a meeting of Nomination Committee was held on 19th March 2015 to assess the independence of Independent Non-Executive Director and review the re-appointment of Mr Liu Liehong, Mr Chan Boon Teong and Dr Ku Chia-Tai as directors of the Company at the Annual General Meeting.

BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age and length of services. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

BOARD DIVERSITY POLICY (CONTINUED)

The Nomination Committee has set measurable objectives based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service to implement the Board Diversity Policy. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this report, the Board comprises of nine directors. Three of them are independent non-executive directors, thereby promoting critical review and control of the management process. New directors of the Company will be appointed by the Board. The Nomination Committee will take into consideration criteria such as expertise, experience, integrity and commitment when considering new director appointments.

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 with reference to their performance.

It is chaired by Mr Chan Boon Teong, an independent non-executive director who also serves as chairman of the Audit Committee. Other members include Dr Ku Chia-Tai and Mr Wong Chi Keung, both of whom are independent non-executive directors of the Company, Dr Hsuan, Jason, the chairman and chief executive officer of the Company and Dr Li Jun (who was appointed on 16th March 2014), a non-executive director of the Company. The Remuneration Committee held three meetings during 2014. The attendance of individual members at Remuneration Committee meetings is as follows:

Name of director	**Number of attendances**
Mr Chan Boon Teong *(chairman of the Remuneration Committee)*	3/3
Dr Ku Chia-Tai	3/3
Mr Wong Chi Keung	3/3
Dr Hsuan, Jason	3/3
Dr Li Jun (appointed on 16th March 2014)	2/2
Mr Lu Ming (resigned on 16th March 2014)	1/1

During its meetings, the Remuneration Committee discussed and reviewed the remuneration policy and structure regarding the senior management and other employees of the Group in 2014 and the remuneration budget for 2015. The Remuneration Committee also reviewed and approved the remuneration packages of individual executive director and senior management with reference to their performance. To avoid conflicts of interest, the directors' fees of independent non-executive directors were discussed and approved by the Board and the independent non-executive directors have abstained from voting in this regard.

REMUNERATION COMMITTEE (CONTINUED)

The remuneration of directors is determined in part by reference to the prevailing market conditions and their work load as directors and members of the Board committees of the Company.

Details of the directors' and senior management's emoluments are set out in Note 9 to the consolidated financial statements; and details of the Option Scheme and the director's interest in share options are set out in the Report of the Directors.

The Remuneration Committee has the right to seek any information it considers necessary to fulfill its duties, including the right to obtain appropriate external advice at the Company's expense. The Company provides the Remuneration Committee with sufficient resources to discharge its duties.

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.

It is chaired by Dr Hsuan, Jason, the chairman and chief executive officer of the Company. Other members include Ms Wu Qun, Dr Li Jun (who was appointed on 16th March 2014) and Mr Hideki Noda (who was appointed on 1st April 2014), all of whom are non-executive directors of the Company and Mr Chan Boon Teong, an independent non-executive director of the Company.

The Investment Committee shall meet as and when required, but in any event at least quarterly. The Investment Committee held four meetings during 2014. The attendance of its individual members at these meetings is as follows:

Name of director	Number of attendances
Dr Hsuan, Jason *(chairman of the Investment Committee)*	4/4
Ms Wu Qun	4/4
Dr Li Jun (appointed on 16th March 2014)	3/3
Mr Hideki Noda (appointed on 1st April 2014)	3/3
Mr Chan Boon Teong	4/4
Mr Lu Ming (resigned on 16th March 2014)	1/1
Mr Jun Nakagome (resigned on 1st April 2014)	1/1

During the year, the Investment Committee has (i) reviewed the performance and forecast of certain joint ventures and factories; and (ii) reviewed and approved or made recommendations on investment proposals.

INFORMATION DISCLOSURE COMMITTEE

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

INFORMATION DISCLOSURE COMMITTEE (CONTINUED)

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 the Company or make any disclosure decision as delegated by the Board.

The Company has put in place a robust framework for the disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow the shareholders, customers, staff and other stakeholders to apprehend the latest position of the Company and its subsidiaries. The framework and its effectiveness are subject to review on a regular basis according to established procedures.

It is chaired by Dr Jason Hsuan, the chairman and chief executive officer of the Company and the other members include Mr Du Heping and Mr Hideki Noda (who was appointed on 1st April 2014), both of them are non-executive directors of the Company, Mr Chan Boon Teong, an independent non-executive director of the Company (Mr Wong Chi Keung is an alternate member of Mr Chan Boon Teong) and Mr Shane Tyau, the senior vice president and chief financial officer of the Company.

The Information Disclosure Committee held two meetings in 2014. The attendance of its individual members at these meetings is as follows:

Name of director	Number of attendances
Dr Hsuan, Jason *(chairman of the Information Disclosure Committee)*	0/2
Mr Du Heping	2/2
Mr Hideki Noda (appointed on 1st April 2014)	2/2
Mr Chan Boon Teong	1/2
Mr Shane Tyau	2/2

During the year, the Information Disclosure Committee has (i) reviewed the Company's policies and practices on information disclosure; and (ii) considered, reviewed and made decision on disclosure or non-disclosure of any information which give rise to disclosure obligations, including inside information.

INTERNAL CONTROL

The Board has overall responsibility for the Group's internal control system, and for reviewing its effectiveness. The Board is committed to implement an effective and efficient internal control system to safeguard the interests of shareholders and the Group's assets against unauthorised use and disposition, to ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and to ensure compliance with applicable laws and regulations. The system of internal controls provides reasonable but not absolute assurance against material errors, losses or frauds. It has been implemented in accordance with an integrated internal control framework established by the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework. Under the framework, the management is responsible for the design, implementation, and maintenance of internal controls, while the Board reviews the effectiveness of the Group's system of internal controls on an ongoing basis through the Group Internal Audit Department.

During the year ended 31st December 2014, the Board and the Audit Committee have reviewed the effectiveness of the Group's internal control system. This covered all material controls, including financial, operational and compliance controls, and risk management functions. The review was conducted in compliance with the CG Code.

INTERNAL AUDIT

The Head of the Group Internal Audit Department reports directly to the Audit Committee and the chairman and chief executive officer, and has direct access to the Board through the chairman of the Audit Committee.

The Group Internal Audit Department carries out audits in accordance with a risk-based audit plan that is reviewed and approved by the Audit Committee. Internal audits are conducted once a year for significant business units and on a rotation basis for other business units. The quarterly internal audit reports are submitted to the Audit Committee for review and approval.

During 2014, the Group Internal Audit Department conducted audits and issued internal audit reports to management covering various operational and finance functions of the Group. The quarterly internal audit reports and audit findings prepared by the Group Internal Audit Department were also reported to the Audit Committee and the chairman and chief executive officer on a quarterly basis. Relevant recommendations reported by the Group Internal Audit Department are implemented by the management to enhance the Group's internal control policies, procedures and practices further.

The Group Internal Audit Department also plays a vital role in the reporting channel of the whistle-blowing system and takes appropriate follow-up actions as instructed by the Audit Committee.

COMPANY SECRETARY

Ms Lee Wa Ying was appointed as Company Secretary of the Company. The Company Secretary reports to the Chairman on governance matters, and is responsible for ensuring that Board procedures are followed, and for facilitating communications among directors as well as with shareholders and management. She is also responsible for the professional development of directors. All directors have access to the advice and assistance of the Company Secretary in respect of their duties and any board governance matters. Ms Lee has confirmed that for the year under review, she has taken more than 15 hours of relevant professional training.

VOTING BY POLL

Since May 2005, the chairman of general meetings has voluntarily required poll voting for all resolutions put to those meetings. Separate resolutions on each substantially separate issue, including the election of individual directors, are proposed at general meetings.

Details of the poll voting procedures and the rights of shareholders to demand a poll at general meetings are included in the circular to shareholders despatched together with the Company's annual report. The circular also contains relevant details of resolutions, including an explanatory statement in relation to the general mandate for the repurchase of shares and the biographies of retiring directors who are standing for re-election at annual general meetings.

The poll results are scrutinized by the Company's share registrar and published on the websites of the Company, the Exchange and SGX.

GENERAL MEETINGS WITH SHAREHOLDERS

The Company's general meetings provide a useful platform for direct communication between the Board and shareholders. Separate resolutions are proposed on each substantially separate issue at the general meetings.

GENERAL MEETINGS WITH SHAREHOLDERS (CONTINUED)

The Company held two general meetings during 2014. The 2014 annual general meeting (the "2014 AGM") was held on 22nd May 2014 and the special general meeting (the "SGM") was held on 9th May 2014. The Company's external auditor attended the 2014 AGM. The attendance of individual directors at these meetings is as follows:

Name of director	Attendance at general meetings/ Number of general meeting held during the director's term of office in 2014 2014 AGM	SGM
Executive Director		
Dr Hsuan, Jason *(Chairman and Chief Executive Officer)*	0/1	1/1
Non-executive Directors		
Mr Liu Liehong	1/1	1/1
Ms Wu Qun	1/1	1/1
Mr Du Heping	1/1	1/1
Dr Li Jun (appointed on 16th March 2014)	1/1	1/1
Mr Hideki Noda (appointed on 1st April 2014)	1/1	1/1
Independent Non-executive Directors		
Mr Chan Boon Teong	1/1	1/1
Dr Ku Chia-Tai	1/1	1/1
Mr Wong Chi Keung	1/1	1/1

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Due to other business engagement, Dr Hsuan Jason was not able to attend the 2014 AGM.

SHAREHOLDERS' RIGHT

Convening a Special General Meeting

Pursuant to the bye-law 62 of the Bye-laws of the Company, a special general meeting may be convened by the Board upon requisition by any shareholder of the Company which as at the date of the deposit carries the right of voting at any general meeting of the Company. The shareholder shall make a written requisition to the Board of the Company at the Company's address below, specifying the shareholding information of the shareholder, his/her contact details and the proposal regarding any specified transaction/business and its supporting documents.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the special general meeting to be held within a further 21 days, the shareholder shall do so pursuant to the provision of Section 74(3) of the Companies Act of Bermuda.

Procedures for Putting Forward Proposals at General Meetings

Any shareholder who wish to put forward proposals at general meetings of the Company shall submit such proposals to the Board in writing for the Board's consideration not less than 7 days prior to the date of a general meeting through the Company Secretary whose contact details are set out below.

SHAREHOLDERS' RIGHT (CONTINUED)

Procedures for Putting Forward Proposals at General Meetings (Continued)

If a shareholder, who is entitled to attend and vote at the relevant general meeting, wishes to nominate a person (not being the nominating shareholder) to stand for election as a Director, he or she should give to the secretary of the Company notice in writing of the intention to propose a person for election as a Director and notice in writing by that person of his or her willingness to be so elected, no earlier than the day after the dispatch of the notice of the relevant general meeting and no later than 7 days prior to the date appointed for the relevant general meeting. Detailed procedures for shareholders to propose a person for election as a Director are available on the Company's website.

Enquiries to the Board

Shareholders may send their enquiries to the Board of the Company in writing to the following address of the Company or by facsimile number or by access to the Company's website by clicking "Contact Us" on the homepage. The relevant address and facsimile number are as follows:

Units 1208–16, 12th Floor,
C-Bons International Center,
108 Wai Yip Street, Kwun Tong,
Kowloon, Hong Kong

Fax: (852) 2546 8884

The Company Secretary shall forward the shareholders' enquiries and concerns to the Board and/or Board committees of the Company, where appropriate, to answer the shareholders' question.

INVESTOR RELATIONS

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 meeting 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 presentations, road shows and conference calls for the international investment community from time to time.

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.

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's Memorandum of Association and Bye-laws during the financial year 2014. A copy of the latest consolidated version of the Memorandum of Association and Bye-laws is posted on the websites of the Company, the Exchange and SGX.

pwc 羅兵咸永道

TO THE SHAREHOLDERS OF TPV TECHNOLOGY LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of TPV Technology Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 49 to 164, which comprise the consolidated and company balance sheets as at 31st December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December 2014, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19th March 2015

Consolidated Income Statement

For the year ended 31st December 2014

	Note	2014 US$'000	2013 US$'000
Revenue	5	**11,681,427**	11,972,698
Cost of sales		**(10,693,740)**	(11,112,513)
Gross profit		**987,687**	860,185
Other income	6	**118,915**	137,976
Other (losses)/gains, net	7	**(42,963)**	71,515
Selling and distribution expenses		**(504,442)**	(572,913)
Administrative expenses		**(201,466)**	(232,458)
Research and development expenses		**(268,022)**	(262,785)
Operating profit	8	**89,709**	1,520
Finance income	10	**7,327**	3,221
Finance costs	10	**(68,777)**	(97,111)
Finance costs, net	10	**(61,450)**	(93,890)
Share of profits/(losses) of:			
Associates	20	**5,553**	6,360
Joint venture	21	**(672)**	(458)
Profit/(loss) before income tax		**33,140**	(86,468)
Income tax expense	11	**(38,542)**	(54,121)
Loss for the year		**(5,402)**	(140,589)
Profit/(loss) attributable to:			
Owners of the Company		**41,808**	(47,246)
Non-controlling interests		**(47,210)**	(93,343)
		(5,402)	(140,589)
Earnings/(loss) per share attributable to owners of the Company			
— Basic	13	**US1.78 cents**	(US2.01 cents)
— Diluted	13	**US1.78 cents**	(US2.01 cents)
Dividends	14	**3,002**	3,002

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2014

	2014 US$'000	2013 US$'000
Loss for the year	**(5,402)**	(140,589)
Other comprehensive income/(loss), net of tax		
Items that may be reclassified to profit or loss		
Fair value gains on available-for-sale financial assets	**479**	—
Transfer to profit or loss on impairment of available-for-sale financial assets	**—**	1,336
Currency translation differences	**774**	(72,889)
Items that will not be reclassified subsequently to profit or loss		
Revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax (Note 18)	**3,383**	30,150
Remeasurements of pension obligations, net of tax (Note 32)	**(7,185)**	840
Other comprehensive loss for the year, net of tax	**(2,549)**	(40,563)
Total comprehensive loss for the year	**(7,951)**	(181,152)
Attributable to:		
— Owners of the Company	**42,231**	(86,192)
— Non-controlling interests	**(50,182)**	(94,960)
	(7,951)	(181,152)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31st December 2014

	Note	As at 31st December 2014 US$'000	2013 US$'000
Assets			
Non-current assets			
Intangible assets	15	**440,041**	531,131
Property, plant and equipment	16	**604,668**	655,102
Land use rights	17	**20,565**	63,091
Investment properties	18	**188,087**	101,019
Investments in associates	20	**62,119**	57,849
Investment in a joint venture	21	**1,352**	1,353
Derivative financial instruments	35	**52,617**	11,753
Available-for-sale financial assets	22	**6,219**	3,906
Financial assets at fair value through profit or loss	25	**22,557**	—
Deferred income tax assets	31	**81,295**	70,586
Prepayments and other assets	24	**105,330**	162,279
Long-term bank deposits	26	**11,407**	—
		1,596,257	1,658,069
Current assets			
Inventories	23	**1,424,012**	1,324,365
Trade receivables	24	**2,128,705**	2,250,740
Deposits, prepayments and other receivables	24	**608,214**	585,987
Available-for-sale financial assets	22	**—**	1,652
Financial assets at fair value through profit or loss	25	**2,177**	3,155
Current income tax recoverable		**11,534**	20,902
Derivative financial instruments	35	**89,100**	43,673
Pledged bank deposits	26	**3,961**	5,591
Cash and bank balances	26	**455,210**	364,560
		4,722,913	4,600,625
Total assets		**6,319,170**	6,258,694
Equity			
Equity attributable to owners of the Company			
Share capital	27	**23,456**	23,456
Other reserves	29	**1,651,892**	1,740,668
Proposed final dividend	14 & 29	**3,002**	3,002
		1,678,350	1,767,126
Non-controlling interests		**(8,188)**	(69,096)
Total equity		**1,670,162**	1,698,030

Consolidated Balance Sheet (Continued)

As at 31st December 2014

	Note	As at 31st December 2014 US$'000	2013 US$'000
Liabilities			
Non-current liabilities			
Borrowings and loans	30	**187,836**	205,827
Deferred income tax liabilities	31	**26,246**	23,943
Pension obligations	32	**21,266**	16,297
Other payables and accruals	33	**76,779**	147,136
Derivative financial instruments	35	**42,307**	13,114
Provisions	34	**2,418**	3,632
		356,852	409,949
Current liabilities			
Trade payables	33	**2,481,347**	2,370,521
Other payables and accruals	33	**1,342,020**	1,227,237
Current income tax liabilities		**44,047**	40,599
Provisions	34	**116,030**	125,679
Derivative financial instruments	35	**53,255**	68,710
Borrowings and loans	30	**255,457**	317,969
		4,292,156	4,150,715
Total liabilities		**4,649,008**	4,560,664
Total equity and liabilities		**6,319,170**	6,258,694
Net current assets		**430,757**	449,910
Total assets less current liabilities		**2,027,014**	2,107,979

The accompanying notes are an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 19th March 2015 and were signed on its behalf.

Dr Hsuan, Jason
Director

Ms Wu Qun
Director

Balance Sheet

As at 31st December 2014

	Note	2014 US$'000	2013 US$'000
Assets			
Non-current asset			
Investment in a subsidiary and amounts due from subsidiaries	19	**918,353**	918,399
Current assets			
Amount due from a subsidiary	19	**5,951**	93,241
Cash and bank balances	26	**271**	271
		6,222	93,512
Total assets		**924,575**	1,011,911
Equity			
Equity attributable to owners of the Company			
Share capital	27	**23,456**	23,456
Other reserves	29	**895,984**	899,464
Proposed final dividend	14 & 29	**3,002**	3,002
		922,442	925,922
Liabilities			
Current liabilities			
Other payables and accruals	33	**2,133**	3,484
Borrowings and loans	30	**—**	82,505
		2,133	85,989
Total liabilities		**2,133**	85,989
Total equity and liabilities		**924,575**	1,011,911
Net current assets		**4,089**	7,523
Total assets less current liabilities		**922,442**	925,922

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 19th March 2015 and were signed on its behalf.

Dr Hsuan, Jason
Director

Ms Wu Qun
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December 2014

	Attributable to owners of the Company			
	Share capital US$'000	Other reserves US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance as at 1st January 2013	23,456	1,851,443	22,225	1,897,124
Comprehensive loss				
Loss for the year	—	(47,246)	(93,343)	(140,589)
Other comprehensive income/(loss) for the year, net of tax				
Revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax (Note 18)	—	30,150	—	30,150
Transfer to profit or loss on impairment of available-for-sale financial assets	—	1,336	—	1,336
Remeasurement of pension obligations, net of tax (Note 32)	—	840	—	840
Currency translation differences				
— Group	—	(72,429)	(1,617)	(74,046)
— Associates and a joint venture	—	1,157	—	1,157
Other comprehensive loss for the year, net of tax	—	(38,946)	(1,617)	(40,563)
Total comprehensive loss for the year	—	(86,192)	(94,960)	(181,152)
Transactions with owners, recognized directly in equity				
Employee share option scheme:				
— Employee share-based compensation benefits	—	1,172	—	1,172
Capital contribution from non-controlling interest	—	—	3,639	3,639
2012 final dividends paid	—	(22,753)	—	(22,753)
Total transactions with owners, recognized directly in equity	—	(21,581)	3,639	(17,942)
Balance as at 31st December 2013	23,456	1,743,670	(69,096)	1,698,030

	Attributable to owners of the Company			
	Share capital	Other reserves	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000
Balance as at 1st January 2014	23,456	1,743,670	(69,096)	1,698,030
Comprehensive income/(loss)				
Profit/(loss) for the year	—	41,808	(47,210)	(5,402)
Other comprehensive income/(loss) for the year, net of tax				
Revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax (Note 18)	—	3,383	—	3,383
Fair value gains on available-for-sale financial assets (Note 22)	—	479	—	479
Remeasurement of pension obligations, net of tax (Note 32)	—	(7,185)	—	(7,185)
Currency translation differences				
— Group	—	4,358	(2,972)	1,386
— Associates and a joint venture	—	(612)	—	(612)
Other comprehensive income/(loss) for the year, net of tax	—	423	(2,972)	(2,549)
Total comprehensive income/(loss) for the year	—	42,231	(50,182)	(7,951)
Transactions with owners, recognized directly in equity				
Employee share option scheme:				
— Employee share-based compensation benefits	—	418	—	418
2013 final dividends paid	—	(3,002)	—	(3,002)
Capital transaction with non-controlling interest (Note 41)	—	(128,423)	111,090	(17,333)
Total transactions with owners, recognized directly in equity	—	(131,007)	111,090	(19,917)
Balance as at 31st December 2014	23,456	1,654,894	(8,188)	1,670,162

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st December 2014

	Note	2014 US$'000	2013 US$'000
Cash flows from operating activities			
Net cash generated from operations	37	**166,090**	139,878
Interest paid		**(32,036)**	(41,120)
Income tax paid		**(38,290)**	(53,910)
Net cash generated from operating activities		**95,764**	44,848
Cash flows from investing activities			
Proceeds from disposals of property, plant and equipment and land use rights		**35,875**	39,221
Purchase of property, plant and equipment		**(193,982)**	(170,386)
Purchase of intangible assets		**(9,362)**	(17,743)
Purchase of available-for-sale financial assets		**(2,662)**	(3,802)
Proceeds from disposals of financial assets at fair value through profit or loss		**9,019**	—
Purchase of financial assets at fair value through profit or loss		**(18,133)**	(114)
Deposit for investment		**—**	(4,624)
Interest received		**7,327**	3,221
Investments in associates		**—**	(13,689)
Changes in short-term bank deposits		**(8,372)**	—
Inception of long-term bank deposits		**(11,407)**	—
Net cash paid for business combination		**—**	(4,119)
Dividend received from an associate		**—**	114
Net cash used in investing activities		**(191,697)**	(171,921)

	Note	2014 US$'000	2013 US$'000
Cash flows from financing activities			
Inception of long-term borrowings and loans		**160,081**	8,031
Repayments of long-term borrowings and loans		**(12,139)**	(771)
Net (repayments)/inception of short-term borrowings and loans		**(116,452)**	90,097
Net proceeds/(repayments) of payables under discounting arrangements		**242,298**	(82,456)
Repayment of notes payable		**(83,244)**	—
Changes in pledged bank deposits		**—**	(1,726)
Dividends paid to owners and non-controlling interests		**(3,002)**	(22,753)
Contribution to a subsidiary from its non-controlling interests		**—**	3,639
Net cash generated from/(used in) financing activities		**187,542**	(5,939)
Net increase/(decrease) in cash and cash equivalents		**91,609**	(133,012)
Cash and cash equivalents at beginning of the year		**364,560**	497,871
Currency translation differences		**(10,961)**	(299)
Cash and cash equivalents at end of the year	26	**445,208**	364,560

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

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 Stock Exchange of Hong Kong Limited (the "Exchange") and secondary listing on Singapore Exchange Limited.

These financial statements are presented in US dollars, unless otherwise stated. These financial statements have been approved for issue by the board of directors on 19th March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments), contingent consideration payable and investment properties, which are carried at fair values.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

For the year ended 31st December 2014, the Group's core monitors and TV segments continued to contribute adjusted operating profit of US$244 million (Note 5) to the Group whilst TP Vision — TV segment incurred an adjusted operating loss of US$171 million (Note 5). After taking into account of the Group's budget and cash flow forecast, as well as the available banking facilities, the directors conclude there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and to meet its financial obligations as and when required. Therefore the directors consider the use of the going concern assumption in preparing the financial statements for the year ended 31st December 2014 as appropriate.

(a) New standards and amendments to standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1st January 2014 and currently relevant to the Group.

Amendment to HKAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

Amendment to HKAS 39, 'Financial Instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group is not currently subject to hedge accounting so the impact on the Group is not material.

There are no other new standards or amendments to standards that are effective for the first time for the financial year beginning on or after 1st January 2014 that are expected to have a material impact on the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(b) *New standards, amendments to standards and annual improvement that have been issued but not yet effective and have not been early adopted by the Group*

The following new standards, amendments to standards and annual improvement relevant to the Group have been issued but are not yet effective for the financial year beginning 1st January 2014 and have not been early adopted:

	Effective for annual periods beginning on or after
HKFRS 9, 'Financial instruments'	1st January 2018
Amendments to HKFRS 10, HKFRS 12 and HKAS 28, 'Investments entities applying the consolidation exception'	1st January 2016
Amendment to HKFRS 11, 'Accounting for acquisitions of interests in joint operation'	1st January 2016
HKFRS 14, 'Regulatory deferral accounts'	1st January 2016
HKFRS 15, 'Revenue from contracts with customers'	1st January 2017
Amendments to HKAS 1, 'The disclosure initiative'	1st January 2016
Amendments to HKAS 16 and HKAS 38, 'Clarification of acceptable methods of depreciation and amortization'	1st January 2016
Amendments to HKAS 16 and HKAS 41, 'Agriculture: Bearer plants'	1st January 2016
Amendment to HKAS 19, 'Employee benefits on defined benefit plans'	1st July 2014
Amendment to HKAS 27, 'Equity method in separate financial statements'	1st January 2016
Amendment to HKFRS 10 and HKAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	1st January 2016
Annual improvement to HKFRSs — 2010–2012 cycle	1st July 2014
Annual improvement to HKFRSs — 2011–2013 cycle	1st July 2014
Annual improvement to HKFRSs — 2012–2014 cycle	1st January 2016

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

(c) *New Hong Kong Companies Ordinance (Cap. 622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3rd March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized within 'other (losses)/gains, net' in the consolidated income statement.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combinations (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated income statement (Note 2.10).

Intra-company transactions, balances and unrealized gains/losses on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit/(loss)' of associates in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains and losses on dilution of equity interest in associates are recognized in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Joint arrangements

The group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chairman and Chief Executive Officer of the Company that makes strategic decisions.

Geographically, the chief operating decision maker, considers the PRC, Europe, North and South America, Australia, Africa and others as separate segments.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the US dollars (US$), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (Continued)

All foreign exchange gains and losses are presented in the consolidated income statement within 'other (losses)/gains, net'.

Changes in the fair value of debt securities denominated in foreign currency classified as available-for-sale financial assets are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (Continued)

(d) Disposal of foreign operation and partial disposal (Continued)

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposal (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.7 Property, plant and equipment

Property, plant and equipment, other than freehold land, are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Freehold land is not depreciated. Leasehold land classified as finance lease commences amortization from the time when the land interest becomes available for its intended use. Amortization on leasehold land classified as finance lease and depreciation of property, plant and equipment, other than freehold land, is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Over remaining lease of 30–50 years
Buildings	20 years
Leasehold improvements	20 years
Machinery and equipment	5 to 10 years
Moulds	1 to 2 years
Electrical appliances and equipment	3 to 5 years
Transportation equipment	3 to 5 years
Furniture, fixtures and miscellaneous equipment	1 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other (losses)/gains, net' in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Construction-in-progress

Construction-in-progress represents buildings, plant and machinery under construction and pending installation and is stated at cost. Cost includes the costs of construction of buildings, the costs of plant and machinery, installation, testing and other direct costs. No depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in Note 2.7 above.

2.9 Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. They also include properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each financial year end by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as part of a valuation gain or loss in 'other (losses)/gains, net'.

Investment properties are derecognized either when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal.

If the land use rights and the attached properties for own-use become an investment property because its use has been changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation of the land use rights and the attached properties under HKAS 16. Any revaluation reserve balance of the property is transferred to retained profits and is shown as a movement in equity upon the subsequent disposal of the investment properties.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Trademarks and patents

Separately acquired trademarks and patents are shown at historical cost. Trademarks and patents acquired in a business combination are recognized at fair value at the acquisition date. Trademarks and patents have a definite useful life and are carried at cost less accumulated amortization and accumulated impairment. Amortization is calculated using the straight-line method to allocate the cost of trademarks and patents over their estimated useful lives (no more than 15 years).

(c) Software

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (Continued)

(c) *Software (Continued)*

- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized using the straight-line method over the license period or their estimated useful lives of 3 to 5 years.

(d) *Other intangible assets*

Other intangible assets, other than goodwill represent mainly contractual customer relationships. These intangible assets with definite useful lives are amortized on a straight-line basis over their estimated useful lives of no more than 3 years.

2.11 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets

2.12.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'prepayments and other assets', 'trade receivables', 'deposits, prepayments and other receivables', 'cash and cash equivalents' and long-term and short-term bank deposits with original maturities over 3 months in the consolidated balance sheet (Notes 2.17 and 2.18).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.12.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (Continued)

2.12.2 Recognition and measurement (Continued)

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated income statement within 'other (losses)/gains, net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are transferred to the consolidated income statement as 'other (losses)/gains, net'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the consolidated income statement as part of other income when the Group's right to receive payments is established.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amounts are reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss — is removed from equity and recognized in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of financial assets (Continued)

(b) Assets classified as available-for-sale (Continued)

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss — is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.15 Derivative financial instruments which do not qualify for hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

Changes in the fair value of the derivative instruments which do not qualify for hedge accounting are recognized immediately in the consolidated income statement within 'other (losses)/gains, net'.

2.16 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.18 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and short-term bank deposits with original maturities of less than 3 months, but excludes pledged bank deposits, bank overdrafts and bank deposits with original maturities over 3 months. In the consolidated balance sheet, bank overdrafts are shown within 'borrowings and loans' in current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables, other payables and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables, other payables and accruals are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.21 Borrowings and loans

Borrowings and loans are recognized initially at fair value, net of transaction costs incurred. Borrowings and loans are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statements over the period of the borrowings and loans using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings and loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.22 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Current and deferred income tax (Continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

For the investment properties which are carried at fair values and are held outside Hong Kong with a business model to consume substantially all the economic benefits embodied in the properties over time, rather than through sale, the presumption that investment properties being recovered entirely by sale is rebutted. The related deferred income tax is measured based on the expected manner of realization.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates and joint arrangements. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associates' or joint arrangements' undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Employee benefits

The Group operates various pension schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans in the PRC, Hong Kong, Taiwan and overseas countries.

(a) *Pension obligations*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plans, recognized in the consolidated income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee services in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognized immediately in consolidated income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as ‘employee benefit expense’ when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Employee benefits (Continued)

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2.24 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Share-based payments (Continued)

(a) Equity-settled share-based payment transactions (Continued)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

(b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

(c) Social security contributions on share options gains

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

2.25 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions mainly comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provision for warranties is provided based on management's estimates of the repair costs per unit of product sold in the relevant years and is calculated based on historical experience of the level of repairs and replacements. Actual warranty expenditure is charged against the provision as incurred.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Provisions (Continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as unwinding of interests within 'finance costs, net' in the consolidated income statement.

2.26 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and primarily represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognized when the risk and rewards of the goods have been transferred to the customer, which is usually at the date when a group entity has delivered products to the customer, the customer has accepted the products, and there is no unfulfilled obligations that could affect the customer's acceptance of the products. Accumulated experience is used to estimate and provide for sales return at the time of sale.

(b) Rental income

Operating lease rental income from investment property is recognized in the consolidated income statement on a straight-line basis over the terms of lease.

(c) Brand promotion fee income

Brand promotion fee income is recognized in the consolidated income statement when the promotion and enhancement services are rendered and the amount of fee for the services is approved by the counterparty.

2.27 Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognized using the original effective interest rate.

2.28 Dividend income

Dividend income is recognized when the right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 Government grants

Government grants are subsidies on export of computer monitors and flat TV products and economic assistance on certain projects provided by governments.

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants and subsidies relating to costs are deferred and recognized within 'other income' in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants and subsidies relating to property, plant and equipment are offset against the costs of the related assets.

2.30 Research and development costs

Research costs are expensed as incurred.

Development costs are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Development expenditures that do not meet these criteria are expensed when incurred. Where research phase and development phase of projects to create the intangible asset are indistinguishable, expenditures incurred are expensed off as if they were incurred in the research phase only.

2.31 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the consolidated income statement in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payments made for leasehold land and land use rights, are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.33 Financial guarantee

A financial guarantee (a kind of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognize liabilities for financial guarantee at inception, but perform a liability adequacy test at each reporting date by comparing its net liability regarding the financial guarantee with the amount that would be required if the financial guarantee would result in a present legal or constructive obligation. If the liability is less than its present legal or constructive obligation amount, the entire difference is recognized in the consolidated income statement immediately.

2.34 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's consolidated financial statements and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize 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 Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and cash management.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi, Brazilian real, Euro and Russian ruble. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Moreover, the conversion of Renminbi and Brazilian real into foreign currencies is subject to the rules and regulations of exchange control promulgated by the Chinese and Brazilian governments.

Management has set up a policy requiring 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 derivatives contracts to manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The table below summaries the changes in the Group's profit or loss in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

The analysis has been determined assuming that the depreciation trend in foreign exchange rates against USD had occurred at the balance sheet date, and that all other variables remain constant.

	2014		2013	
In US$'000	**Hypothetical change in foreign exchange rate**	**Positive/ (negative) effect on profit or loss**	Hypothetical change in foreign exchange rate	Positive/ (negative) effect on profit or loss
Renminbi	**1%**	**(3,312)**	1%	(3,954)
Euro	**20%**	**(73,102)**	5%	(32,313)
Brazilian real	**20%**	**(14,914)**	10%	2,542
Russian ruble	**5%**	**(1,555)**	5%	(20)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group's investments in equity securities classified as available-for-sale or at fair value through profit or loss are exposed to price risk. The Group maintains these equity securities investments both for trading and long-term strategic purposes.

The Group's investments in equity securities which are publicly traded are listed in Taiwan Stock Exchange and the fair value is determined with reference to quoted market prices. For the Group's investments that are not publicly traded, management exercises their judgment to select a variety of methods to determine their fair value and make assumptions that are mainly based on market conditions existing at the reporting date (Note 3.3).

As at 31st December 2014 and 2013, the Group's exposure to price risk arising from equity securities classified as financial assets at fair value through profit or loss and available-for-sale is considered as not significant by management.

(iii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets except for cash at bank and bank deposits which earn low interest income. The Group's exposures to changes in interest rates are mainly attributable to its borrowings and loans. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Details of the Group's borrowings have been disclosed in Note 30.

The Group also invests in cross currency interest rate swaps which expose the Group to cash flow interest rate risk. Details of the Group's cross currency interest rate swaps have been disclosed in Note 35.

The Company's amounts due from subsidiaries were interest-free and these amounts expose the Company to fair value interest rate risk.

As at 31st December 2014, if interest rates on borrowings and loans had been 50 basis points fluctuated with all other variables held constant, the Group's post-tax loss for the year would have been affected by US$1,126,000 (2013: US$241,000 based on 10 basis points fluctuation), mainly as a result of fluctuation on interest expenses on floating rate borrowings and loans.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk is managed on a group basis. The Group's credit risk mainly arises from derivative financial instruments and cash deposits with banks and financial institutions, as well as credit exposures to customers and debtors, including outstanding trade and other receivables. Management has policies in place to monitor the exposures to these credit risks on an on-going basis. The Group also uses trade receivables factoring facilities where appropriate to manage the credit risk of its trade debtors. As at 31st December 2014, trade receivables of approximately US$308,143,000 (2013: US$102,638,000) was subject to non-recourse factoring arrangements. Correspondingly, an amount of US$19,381,000 (2013: US$5,264,000) due from five (2013: three) financial institutions is included in 'deposits, prepayments and other receivables' under non-recourse factoring arrangement; while no (2013: US$7,986,000) trade receivables was subject to recourse factoring arrangements in 2014.

As at 31st December 2014 and 2013, majority of the cash at bank, derivative financial instruments and deposits with banks and financial institutions, are deposited or traded with financial institutions with investment grade credit rating.

The Group has put in place policies to ensure that sales are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. With regard to the ageing analysis and relevant credit risk of trade and other receivables, please refer to Note 24. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances.

The table below shows the gross trade receivable balances of the five major customers aggregated on a global basis at the reporting date.

Counterparties	2014 US$'000
Customer A	**309,801**
Customer D	**191,885**
Customer B	**116,823**
Customer F	**115,903**
Customer E	**97,912**
	832,324

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Counterparties	2013 US$'000
Customer A	366,197
Customer B	119,315
Customer C	103,134
Customer D	102,041
Customer E	93,299
	783,986

(c) 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 committed banking facilities (Note 30) so that the Group does not breach borrowing limits or covenants (where applicable) on its banking facilities.

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 reporting date, the Group holds cash and bank balances of US$455,210,000 (2013: US$364,560,000) (Note 26) and trade receivables of US$2,128,705,000 (2013: US$2,250,740,000) (Note 24) that are expected to easily generate cash inflows for managing liquidity risk. In addition, the Group holds listed equity securities for trading of US$2,177,000 (2013: US$3,155,000) (Note 25), which could be easily realized to provide a further source of cash if needed.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyzes the Group's and the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000
At 31st December 2014					
Borrowings and loans	**255,457**	**30,000**	**157,836**	**—**	**443,293**
Interest payments on borrowings and loans	**9,110**	**3,766**	**1,423**	**—**	**14,299**
Trade payables	**2,481,347**	**—**	**—**	**—**	**2,481,347**
Other payables and accruals	**1,342,020**	**52,669**	**29,446**	**41,681**	**1,465,816**
Derivative financial instruments	**7,037**	**2,252**	**—**	**—**	**9,289**
At 31st December 2013					
Borrowings and loans	318,042	176,503	41,301	—	535,846
Interest payments on borrowings and loans	11,099	3,537	1,515	—	16,151
Trade payables	2,370,521	—	—	—	2,370,521
Other payables and accruals	1,227,237	89,899	125,363	76,248	1,518,747
Derivative financial instruments	31,839	3,874	—	—	35,713

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Company

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total US$'000
At 31st December 2014					
Borrowings and loans	**—**	**—**	**—**	**—**	**—**
Interest payments on borrowings and loans	**—**	**—**	**—**	**—**	**—**
Other payables and accruals	**2,133**	**—**	**—**	**—**	**2,133**
Financial guarantee contracts (Note)	**2,111,132**	**—**	**—**	**—**	**2,111,132**
At 31st December 2013					
Borrowings and loans	82,578	—	—	—	82,578
Interest payments on borrowings and loans	1,755	—	—	—	1,755
Other payables and accruals	3,484	—	—	—	3,484
Financial guarantee contracts (Note)	3,095,590	—	—	—	3,095,590

Note:

The Company has guaranteed the trade payables of and facilities granted to a number of subsidiaries. Under the guarantee contracts, the Company will make payments to reimburse the lenders upon failure of the guaranteed entities to make payments when due. The amounts presented above represent the hypothetical payment should the guarantees be crystalized for the full facilities. Among such guaranteed facilities, US$654,228,000 (2013: US$461,610,000) has been utilized.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyzes the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
	US$'000	US$'000	US$'000	US$'000
At 31st December 2014				
Foreign exchange forward contracts				
— Inflow	**5,652,392**	**5,483,052**	**—**	**11,135,444**
— Outflow	**5,642,630**	**5,468,070**	**—**	**11,110,700**
At 31st December 2013				
Foreign exchange forward contracts				
— Inflow	4,187,302	2,244,420	—	6,431,722
— Outflow	4,185,207	2,242,000	—	6,427,207

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Except for the compliance of certain financial covenants for maintaining the Group's banking facilities, borrowings and loans, the Group is not subject to any externally imposed capital requirements. The Group complied with the financial covenants attached to borrowings and loans as at 31st December 2014.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debts divided by total assets. Total debt is calculated as total borrowings and loans (including 'current and non-current borrowings and loans' as shown in the consolidated balance sheet), and payables under discounting arrangement. Management considers a gearing ratio of not more than 70 percent as reasonable.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management (Continued)

The gearing ratios at 31st December 2014 and 2013 were as follows:

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Total borrowings and loans (Note 30)	**443,293**	523,796	**–**	82,505
Payables under discounting arrangement (Note 33)	**520,565**	278,267	**–**	–
Total debts	**963,858**	802,063	**–**	82,505
Total assets	**6,319,170**	6,258,694	**924,575**	1,011,911
Gearing ratio	**15.3%**	12.8%	**–**	8.2%

3.3 Fair value estimation

The table below analyzes financial instruments carried at fair value as at 31st December 2014 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy 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).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31st December 2014. Refer to Note 18 for disclosures of the investment properties that are measured at fair value.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Available-for-sale financial assets	1,051	—	5,168	6,219
Financial assets at fair value through profit or loss	2,177	—	22,557	24,734
Derivative financial instruments	—	141,717	—	141,717
	3,228	141,717	27,725	172,670
Liabilities				
Derivative financial instruments	—	95,562	—	95,562
Other payable — contingent consideration payable	—	—	4,928	4,928
	—	95,562	4,928	100,490

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31st December 2013. Refer to Note 18 for disclosures of the investment properties that are measured at fair value.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Available-for-sale financial assets	582	—	4,976	5,558
Financial assets at fair value through profit or loss	3,155	—	—	3,155
Derivative financial instruments	—	55,426	—	55,426
	3,737	55,426	4,976	64,139
Liabilities				
Derivative financial instruments	—	81,824	—	81,824
Other payable — contingent consideration payable	—	—	4,818	4,818
Other payable — redemption liability for written put option over shares in a subsidiary	—	—	2,065	2,065
	—	81,824	6,883	88,707

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity securities classified as available-for-sale financial assets or as financial assets at fair value through profit or loss.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of cross currency interest rate swaps is calculated using forward exchange rates at the balance sheet date and present value of the estimated future cash flows based on observable yield curves.
- The fair value of foreign exchange forward and options contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) *Financial instruments in level 3*

The following table presents the changes in level 3 instruments for the year ended 31st December 2014:

	Available-for-sale financial assets Note (i) US$'000	Financial assets at fair value through profit or loss Note (ii) US$'000	Other payable — contingent consideration payable Note (iii) US$'000	Other payable — redemption liabilities for written put option in a subsidiary US$'000
Opening balance	4,976	—	(4,818)	(2,065)
Additions	2,662	22,757	—	—
Disposals	(1,652)	—	—	—
Gain on remeasurement of fair value	10	—	11,626	—
Unwinding of interests (Note 10)	—	—	(2,902)	(176)
Transfer to other reserve upon transaction with non-controlling interest (Note 41)	—	—	(8,803)	2,255
Exchange differences	(828)	(200)	(31)	(14)
Closing balance	5,168	22,557	(4,928)	—
Total fair value gains for the year included in consolidated income statement, under 'other (losses)/ gains, net'	—	—	11,626	—
Total fair value gains for the year included in other comprehensive income	10	—	—	—

Notes:

(i) The Government of Argentina has implemented certain policies to demand companies doing businesses in Argentina to balance their imports with exports to enhance international trade balance. The Argentina subsidiary of the Group has therefore invested in an investment vehicle to comply with the international trade requirements in Argentina since July 2012. This investment vehicle mainly pursues underlying investments to enhance the exports of Argentina. The underlying investments mainly comprise of cash, temporary investments in a guaranteed fund, a mine and other assets. The fair value of the investments was determined based on a combination of cost, income and market approaches (such as minerals prices for estimation prices of future project revenue).

(ii) The fair value measurement assumption of financial assets at fair value through profit or loss were set out in note 25 to the financial statements.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3 (Continued)

Notes: (Continued)

(iii) The valuation of contingent consideration payable is based on the projected proportional earning before interests and taxes ("Proportional EBIT") forecasted by the Group's management. Definition of "Proportional EBIT" was set out in Note 41. The key assumptions adopted in projecting the future EBIT include 0%–13.1% sales growth for the next five years, a perpetual growth not exceeding 3% beyond the fifth year and a discount rate of 22.2%. 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. If the future EBIT, revenue or gross margin increased with all other variables held constant, the contingent consideration would have been increased correspondingly.

The following table presents the changes in level 3 instruments for the year ended 31st December 2013:

	Available-for-sale financial assets US$'000	Other payable — contingent consideration payable US$'000	Other payable — redemption liabilities for written put option in a subsidiary US$'000
Opening balance	450	(13,582)	(5,069)
Additions	4,448	—	—
Gain on remeasurement of fair value	—	12,093	4,942
Unwinding of interests (Note 10)	—	(2,810)	(1,788)
Exchange differences	79	(519)	(150)
Impairment losses charged to consolidated income statement	(1)	—	—
Closing balance	4,976	(4,818)	(2,065)
Total fair value gains for the year included in consolidated income statement, under 'other (losses)/gains, net'	—	12,093	4,942

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(d) *Fair value of financial assets and liabilities measured at amortized cost*

The fair values of the trade and other receivables, pledged bank deposits, bank deposits with original maturities over 3 months, trade payables and other payable and accruals (excluding contingent consideration payable) as at 31st December 2014 approximate their carrying amounts due to their short term maturities.

The fair values of the long-term bank deposits, borrowings and loans (including bank overdraft, bank borrowings and loans) as at 31st December 2014 approximate their carrying amounts as they bear interest at floating rates that are market dependent.

3.4 Offsetting financial assets and financial liabilities

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the balance sheet. This is because the Group does not have any currently legally enforceable right to offset recognized amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

The following table sets out the carrying amounts of the derivative financial instruments that are subject to the above agreements.

	Gross and net amounts of financial assets/ (liabilities) presented in the balance sheet US$'000	**Related amounts not set off in the balance sheet** US$'000	**Net amount** US$'000
As at 31st December 2014			
Derivative financial assets	**141,717**	**(91,958)**	**49,759**
Derivative financial liabilities	**(95,562)**	**91,958**	**(3,604)**
Total	**46,155**	**–**	**46,155**
As at 31st December 2013			
Derivative financial assets	55,426	(48,364)	7,062
Derivative financial liabilities	(81,824)	48,364	(33,460)
Total	(26,398)	–	(26,398)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Offsetting financial assets and financial liabilities (Continued)

An event of default under the terms of the above-mentioned agreements includes failure by a party to make payment when due; failure by a party to perform any obligation required by the agreement (other than payment); or bankruptcy.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Current and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. Where the expectation is different from the original estimates, such difference will impact the recognition of deferred tax assets and income tax in the period in which such estimates are changed.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (Continued)

(b) Warranty provision

The Group gives warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily within an average period ranging from twelve to thirty-six months. Significant judgment is required in determining the warranty expenses. The Group estimates the warranty expenses based on the actual repair and replacement costs incurred for the products sold in the last thirty-six months. Where the warranty expenses incurred are different from the original provision, such difference would impact the consolidated income statement in the period in which the warranty expenses are incurred.

(c) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.10 and 2.11. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations required the use of estimates (Note 15).

(d) Pending litigations

The Group had certain pending litigations at the reporting date. Management assesses whether it is more likely than not that an outflow of resources will be required to settle the pending litigations in which case an accrual for the potential litigation expenses is recognized.

(e) Estimation of provision for impairment of receivables

The Group makes provision for impairment of receivables based on an assessment of the collectability of receivables. Provisions for impairment are applied to receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgment and estimates. Management assess the collectability of those past due receivables based on the credit history customers and current market conditions. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debt expense in the period in which such estimate is changed.

(f) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. Management reassesses the estimation at the end of each reporting period.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (Continued)

(g) Useful lives and impairment of property, plant and equipment and intangible assets other than goodwill

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of the assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to competition within the industry. Management will increase the depreciation where useful lives are less than previously estimated lives, or provide impairment for technically obsolete or non-strategic assets that have been abandoned or sold.

The Group reviews property, plant and equipment and intangible assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. In turn, measurement of an impairment loss requires a determination of recoverable amount, which is based on the best information available. The Group derives the required cash flow estimates from historical experience and internal business plans. To determine recoverable amount, the Group uses cash flow estimates discounted at an appropriate discount rate, quoted market prices when available and independent appraisals, as appropriate.

An impairment of US$44,504,000 (2013: US$44,833,000) of trademarks and patents was recognized during the year ended 31st December 2014, resulting in the carrying amount being written down to its recoverable amount. Refer to Note 15 for further details.

(h) Employee benefits — share-based payments

The valuation of the fair value of the share options granted requires judgment in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate during the life of the options and the number of share options that are expected to vest. Where the outcome of the number of options that are vested is different, such difference will impact the consolidated income statement in the subsequent remaining vesting period of the relevant share options.

(i) Fair value of derivatives

The fair value of financial instruments that are not traded in an active market is determined by using appropriate valuation techniques and making assumptions that are based on market conditions existing at each reporting date. Refer to Note 3.3(b) for the fair value measurement of derivatives.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (Continued)

(j) Payables for trademark license and royalty

In determining the trademark license fee payable, management determines the estimate of the payable primarily based on the estimated sales forecasted for the license period. These assessments require the use of judgments and estimates. Management reassesses the estimated amount of the payable at each balance reporting date.

Other than the trademark license fee payable, the Group estimates other royalty payables based on agreed royalty rates, industry knowledge and other market information. Significant judgment is required in determining the royalty expenses and related royalty payables at reporting date. Where the royalty expenses incurred are different from the original estimate, such difference would impact the consolidated income statement in the year in which the royalty expenses are incurred.

(k) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. Key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 32.

(l) Fair value of investment properties

The Group carries its investment properties at fair value with changes in the fair value recognized in the consolidated income statement. It obtains independent valuations at least annually. At the end of each reporting period, the management updates their assessment of the fair value of each property, taking into account the most recent independent valuations. Refer to Note 18 for the fair value measurement of investment properties.

(m) Contingent consideration payable

The valuation of the Group's contingent consideration payable is based on the Proportional EBIT forecasted by the Group's management.

This fair value measurement requires, among other things, significant estimation of future EBIT of the Group and significant judgment on time value of money. Contingent consideration payable shall be re-measured at their fair value resulting from events or factors emerge after the acquisition date, with any resulting gain or loss recognized in the consolidated income statement within 'other (losses)/gains, net'.

Judgment is applied to determine key assumptions (such as sales growth, gross margins growth and discount rate) adopted in the estimation. Changes to key assumptions may impact the future payables amount (Note 3.3(c)).

5 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. TVs segment mainly comprises the sales of TVs worldwide, excluding TV business under TP Vision — TVs segment. TP Vision — TVs segment comprises sales of TV under the "Philips" brand in European countries and certain South America countries, namely Argentina and Brazil through TP Vision Holding B.V. (a subsidiary of the Company) and its subsidiaries (collectively "TP Vision Group"). Others mainly comprise the sales of chassis, spare parts, complete-knocked down ("CKD"), semi-knocked down ("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 where appropriate, are allocated to operating segments with reference to revenue contributions of respective segments. Finance income, finance costs, share of profits/(losses) of associates and a joint venture 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.

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, investment in a joint venture, available-for-sale financial assets, deferred income tax assets, financial assets at fair value through profit or loss, current income tax recoverable, long-term bank deposits, pledged bank deposits and cash and bank balances and other unallocated assets, which are managed centrally.

5 SEGMENT INFORMATION (CONTINUED)

Segment liabilities mainly comprise pension obligations, trade payables, other payables and accruals, derivatives financial liabilities and 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 consolidated income statement.

The following tables present revenue and profit/(loss) information regarding the Group's reportable segments for the years ended 31st December 2014 and 2013 respectively.

	For the year ended 31st December 2014				
	Monitors US$'000	TVs US$'000	TP Vision — TVs US$'000	Others US$'000	Total US$'000
Revenue from external customers					
— sales of goods	5,227,796	2,788,860	2,152,481	1,512,290	11,681,427
Inter-segment revenue	—	1,606,348	—	—	1,606,348
	5,227,796	4,395,208	2,152,481	1,512,290	13,287,775
Adjusted operating profit/(loss)	125,308	119,111	(170,531)	4,990	78,878
Depreciation of property, plant and equipment	(46,999)	(88,720)	(11,905)	(3,763)	(151,387)
Amortization of land use rights	—	—	—	(1,596)	(1,596)
Amortization of intangible assets	(5,398)	(4,727)	(32,762)	(1,319)	(44,206)
Restructuring costs	—	—	(15,792)	—	(15,792)
Impairment losses on trademarks	—	—	(44,504)	—	(44,504)
Release of trademark license fee payable	—	—	44,925	—	44,925
Gain on remeasurement of contingent consideration payable	—	11,626	—	—	11,626
Capital expenditure	(44,448)	(85,860)	(16,702)	(5,123)	(152,133)

5 SEGMENT INFORMATION (CONTINUED)

	For the year ended 31st December 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	5,661,454	1,967,273	3,045,462	1,298,509	11,972,698
Inter-segment revenue	—	1,640,652	—	—	1,640,652
	5,661,454	3,607,925	3,045,462	1,298,509	13,613,350
Adjusted operating profit/(loss)	214,414	19,408	(233,183)	(3,944)	(3,305)
Depreciation of property, plant and equipment	(52,047)	(71,874)	(23,506)	(2,995)	(150,422)
Amortization of land use rights	—	—	—	(1,864)	(1,864)
Amortization of intangible assets	(5,406)	(9,943)	(46,180)	(799)	(62,328)
Restructuring costs	—	(6,196)	(30,235)	—	(36,431)
Impairment losses on trademarks and patents	—	(10,898)	(33,935)	—	(44,833)
Release of trademark license fee payable	—	—	55,218	—	55,218
Gain on disposal of properties and land use rights in the PRC	86,578	—	—	—	86,578
Gains on remeasurement of contingent consideration payable and redemption liability for written put option in a subsidiary	—	17,035	—	—	17,035
Capital expenditure	(64,374)	(105,053)	(45,913)	(8,454)	(223,794)

5 SEGMENT INFORMATION (CONTINUED)

The following tables present segment assets and liabilities as at 31st December 2014 and 2013 respectively.

	As at 31st December 2014				
			TP Vision —		
	Monitors	**TVs**	**TVs**	**Others**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Segment assets	**2,373,879**	**1,757,144**	**768,410**	**553,271**	**5,452,704**
Segment liabilities	**(1,376,595)**	**(1,401,679)**	**(407,066)**	**(429,516)**	**(3,614,856)**

	As at 31st December 2013				
			TP Vision —		
	Monitors	TVs	TVs	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Segment assets	2,593,380	1,422,574	1,102,544	481,220	5,599,718
Segment liabilities	(1,478,327)	(1,233,336)	(601,310)	(381,086)	(3,694,059)

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

	2014	2013
	US$'000	US$'000
Adjusted operating profit/(loss) for reportable segments	**78,878**	(3,305)
Unallocated income	**29,287**	29,574
Unallocated expenses	**(18,456)**	(24,749)
Operating profit	**89,709**	1,520
Finance income	**7,327**	3,221
Finance costs	**(68,777)**	(97,111)
Share of profits of associates	**5,553**	6,360
Share of loss of a joint venture	**(672)**	(458)
Profit/(loss) before income tax	**33,140**	(86,468)

5 SEGMENT INFORMATION (CONTINUED)

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

	As at 31st December	
	2014	2013
	US$'000	US$'000
Segment assets	**5,452,704**	5,599,718
Investment properties	**188,087**	101,019
Investments in associates	**62,119**	57,849
Investment in a joint venture	**1,352**	1,353
Available-for-sale financial assets	**6,219**	5,558
Deferred income tax assets	**81,295**	70,586
Financial assets at fair value through profit or loss	**24,734**	3,155
Long-term bank deposits	**11,407**	—
Current income tax recoverable	**11,534**	20,902
Pledged bank deposits	**3,961**	5,591
Cash and bank balances	**455,210**	364,560
Other unallocated assets	**20,548**	28,403
Total assets	**6,319,170**	6,258,694

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

	As at 31st December	
	2014	2013
	US$'000	US$'000
Segment liabilities	**3,614,856**	3,694,059
Current income tax liabilities	**44,047**	40,599
Deferred income tax liabilities	**26,246**	23,943
Borrowings and loans	**443,293**	523,796
Other unallocated liabilities	**520,566**	278,267
Total liabilities	**4,649,008**	4,560,664

5 SEGMENT INFORMATION (CONTINUED)

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

	2014	2013
	US$'000	US$'000
The PRC	**3,989,572**	3,520,777
Europe	**2,939,667**	3,675,435
North America	**2,294,632**	1,941,095
South America	**1,014,346**	1,192,573
Australia	**88,744**	74,385
Africa	**17,243**	17,692
Rest of the world	**1,337,223**	1,550,741
	11,681,427	11,972,698

For the year ended 31st December 2014, revenues of approximately US$1,286,919,000 (2013: US$1,355,508,000) 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.

Non-current assets, other than financial instruments and deferred income tax assets, by country are as follows:

	2014	2013
	US$'000	US$'000
The PRC	**546,924**	558,182
Europe	**172,695**	258,416
North America	**10,974**	10,904
South America	**24,954**	33,900
Australia	**5**	96
Rest of the world	**566,605**	548,047
	1,322,157	1,409,545

6 OTHER INCOME

	2014 US$'000	2013 US$'000
Fiscal refund, government grant and technical innovation subsidy (Note a)	**32,684**	35,530
Brand promotion fee income (Note b)	**65,257**	85,630
Income from sales of scrap materials	**6,451**	6,279
Rental income	**5,380**	4,095
Miscellaneous income	**9,143**	6,442
	118,915	137,976

Notes:

(a) Fiscal refund, government grant and technical innovation subsidy were from the governments.

(b) TP Vision Group is entitled to charge Koninklijke Philips N.V. ("Philips") a brand promotion fee for activities that promote or enhance the "Philips" brand. Such activities 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.

7 OTHER (LOSSES)/GAINS, NET

	2014 **US$'000**	2013 US$'000
Realized and unrealized gains/(losses) on foreign exchange forward and options contracts — net	**64,581**	(957)
Realized and unrealized gains/(losses) on cross currency interest rate swaps — net	**19,257**	(4,242)
Net exchange losses	**(147,092)**	(40,567)
Fair value losses on financial assets at fair value through profit or loss	**(722)**	(1,007)
Gains on disposals of financial assets at fair value through profit or loss	**7,250**	646
(Losses)/gains on disposals of property, plant and equipment and land use rights — net	**(2,387)**	88,871
Net fair value gains on revaluation of investment properties (Note 18)	**4,103**	2,814
Impairment losses on available-for-sale financial assets (Note 22)	**—**	(127)
Transfer to profit or loss on impairment of available-for-sale financial assets	**—**	(1,336)
Impairment losses on trademarks and patents (Note 15)	**(44,504)**	(44,833)
Release of trademark license fee payable (Note a)	**44,925**	55,218
Gains on remeasurement of contingent consideration payable and redemption liability for written put option in a subsidiary (Note b)	**11,626**	17,035
	(42,963)	71,515

Notes:

(a) Trademark license fee payable included the estimated royalty that TP Vision Group is obliged to pay Philips under the Trademark License Agreement signed between Philips and TP Vision Group in relation to the use of the Philips' brand. The estimated trademark license fee payable is determined based on the discounted cash flow of the forecasted sales during the licensed period. During the year ended 31st December 2014, management has reassessed the forecasted sales based on assumption of revenue growth rate from 5.3% to 13.1% from 2015 to 2017, and considers the estimated cash outflow of the trademark license fee would be lower than the previous expected amount. Thus, a release of trademark license fee payable of US$44,925,000 (2013: US$55,218,000) was made during the year.

(b) The redemption liability for written put option in a subsidiary is extinguished and is included as part of the amounts recognized in equity arising from transaction with the non-controlling interest as a result of acquisition of remaining 30% equity interest in TP Vision Group (Note 41).

The contingent consideration payable is estimated based on the forecasted EBIT of the Group. Based on the latest financial information and forecasted EBIT, the expected payable would be reduced with the difference recognized in the consolidated income statement as 'gains on remeasurement of contingent consideration payable' (Note 3.3(c)).

8 OPERATING PROFIT

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

	2014 **US$'000**	2013 US$'000
Cost of inventories	**9,960,889**	10,304,738
Employee benefit expenses (including directors' emoluments) (Note 9)	**591,330**	647,280
Amortization of intangible assets (Note 15)	**44,206**	62,328
Depreciation of property, plant and equipment (Note 16)	**151,387**	150,422
Amortization of land use rights (Note 17)	**1,596**	1,864
Acquisition — related costs	**—**	13
Operating lease rental for land, buildings and machinery	**32,145**	36,416
Auditors' remuneration		
— Audit services	**4,697**	4,774
— Non-audit services	**2,874**	2,049
Charge for warranty provisions (Note 34)	**183,602**	157,408
Restructuring costs (Note 34)	**15,792**	36,431
Provision for impairment of trade receivables (Note 24)	**2,215**	9,885
Provision for impairment of other receivables (Note 24)	**2,498**	—
(Write-back)/write-down of inventories to net realizable value (Note 23)	**(17,588)**	22,574
Impairment losses on property, plant and equipment (Note 16)	**2,307**	9,260
Donations	**595**	420

9 EMPLOYEE BENEFIT EXPENSES

	2014 **US$'000**	2013 US$'000
Wages, salaries and welfare	**556,036**	604,673
Termination benefits	**24,347**	25,149
Share options granted to a director and employees	**418**	1,172
Pension costs — defined contribution plans	**9,699**	14,464
Pension costs — defined benefit plan (Note 32)	**830**	1,822
	591,330	647,280

9 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Directors' emoluments

The remuneration of the directors for the year ended 31st December 2014 is set out below:

Name of director	**Fees**	**Basic salaries, housing allowances and other benefits in kind**	**Pension**	**Share-based payments**	**Discretionary bonuses**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Dr Hsuan, Jason (Note i)	**–**	**315**	**–**	**11**	**362**	**688**
Mr Liu Liehong	**–**	**–**	**–**	**–**	**–**	**–**
Dr Li Jun (Note ii)	**–**	**–**	**–**	**–**	**–**	**–**
Mr Lu Ming (Note iii)	**–**	**–**	**–**	**–**	**–**	**–**
Mr Jun Nakagome (Note iii)	**–**	**–**	**–**	**–**	**–**	**–**
Mr Du Heping	**–**	**–**	**–**	**–**	**–**	**–**
Mr Hideki Noda (Note ii)	**–**	**–**	**–**	**–**	**–**	**–**
Ms Wu Qun	**–**	**–**	**–**	**–**	**–**	**–**
Mr Chan Boon Teong	**116**	**–**	**–**	**–**	**–**	**116**
Dr Ku Chia-Tai	**77**	**–**	**–**	**–**	**–**	**77**
Mr Wong Chi Keung	**77**	**–**	**–**	**–**	**–**	**77**

The remuneration of the directors for the year ended 31st December 2013 is set out below:

Name of director	Fees	Basic salaries, housing allowances and other benefits in kind	Pension	Share-based payments	Discretionary bonuses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Dr Hsuan, Jason (Note i)	–	316	–	24	434	774
Mr Liu Liehong	–	–	–	–	–	–
Mr Lu Ming (Note iii)	–	–	–	–	–	–
Ms Wu Qun	–	–	–	–	–	–
Mr Du Heping	–	–	–	–	–	–
Mr Jun Nakagome (Note iii)	–	–	–	–	–	–
Mr Chan Boon Teong	116	–	–	–	–	116
Dr Ku Chia-Tai	77	–	–	–	–	77
Mr Wong Chi Keung	77	–	–	–	–	77

9 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Directors' emoluments (Continued)

Notes:

(i) Dr Hsuan, Jason is also the chief executive officer of the Company.

(ii) Mr Hideki Noda and Dr Li Jun were appointed as directors of the Company during the year ended 31st December 2014.

(iii) Mr Jun Nakagome and Mr Lu Ming resigned as directors of the Company during the year ended 31st December 2014.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2013: one) director whose emoluments are reflected in the analysis presented above.

The emoluments payable to the remaining four (2013: four) individuals during the year are as follows:

	2014	2013
	US$'000	US$'000
Basic salaries, housing allowances and other benefits in kind	**1,775**	3,100
Discretionary bonuses	**272**	298
Compensation for loss of office — contractual payments	**783**	—
	2,830	3,398

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands (in HK dollar)		
HK$4,500,001 to HK$5,000,000		
(equivalent to US$580,114 to US$644,571)	**1**	1
HK$5,000,001 to HK$5,500,000		
(equivalent to US$644,572 to US$709,028)	**1**	—
HK$5,500,001 to HK$6,000,000		
(equivalent to US$709,029 to US$773,665)	**1**	1
HK$6,000,001 to HK$6,500,000		
(equivalent to US$773,666 to US$838,122)	**1**	—
HK$6,500,001 to HK$7,000,000		
(equivalent to US$838,123 to US$902,579)	**—**	1
HK$8,500,001 to HK$9,000,000		
(equivalent to US$1,095,947 to US$1,160,403)	**—**	1

9 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals (Continued)

During the year, no director waived any emoluments and the Group had not paid any emoluments to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group.

(c) Senior management remuneration by band

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands (in HK dollar)		
HK$2,500,001 to HK$3,000,000		
(equivalent to US$322,285 to US$386,742)	**–**	1
HK$3,000,001 to HK$3,500,000		
(equivalent to US$386,743 to US$451,199)	**3**	2
HK$3,500,001 to HK$4,000,000		
(equivalent to US$451,200 to US$515,656)	**1**	1
HK$4,000,001 to HK$4,500,000		
(equivalent to US$515,657 to US$580,113)	**1**	2
HK$4,500,001 to HK$5,000,000		
(equivalent to US$580,114 to US$644,571)	**–**	1
HK$5,500,001 to HK$6,000,000		
(equivalent to US$709,209 to US$773,665)	**–**	1
HK$6,000,001 to HK$6,500,000		
(equivalent to US$773,666 to US$838,122)	**1**	–

10 FINANCE COSTS, NET

	2014 US$'000	2013 US$'000
Interest expenses		
— Interest expense on bank borrowings and factoring arrangement	**22,670**	29,982
— Interest expense on loans (Note 30(b))	**8,518**	7,107
— Interest expense on notes payable (Note 30(c))	**848**	4,031
Unwinding of interests		
— Unwinding of interests on license fee payable	**31,687**	47,306
— Unwinding of interests on loans (Note 30(b))	**1,976**	4,087
— Unwinding of interests on contingent consideration payable (Note 41(a))	**2,902**	2,810
— Unwinding of interests on redemption liability (Note 41(b))	**176**	1,788
Finance costs	**68,777**	97,111
Interest income on cash at bank and bank deposits	**(7,327)**	(3,221)
Finance costs, net	**61,450**	93,890

11 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit/(loss) generated in Hong Kong for the year (2013: Nil).

Taxation on profits has been calculated on the estimated assessable profit/(loss) for the year at the rates of taxation prevailing in the countries/places in which the Group operates.

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

	2014 US$'000	2013 US$'000
Current income tax		
— Current year	**52,280**	62,377
— Carry-back of current year tax loss against prior year taxable profit	**—**	(8,530)
— Over-provision in respect of prior years	**(964)**	(381)
Deferred income tax (credit)/expense (Note 31)	**(12,774)**	655
Income tax expense	**38,542**	54,121

11 INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the primary tax rate of 25% (2013: 15%) applicable to profit/(loss) of the majority of the consolidated entities as follows. Change in the applicable tax rate was resulted from the changes of preferential tax rates for certain principal subsidiaries.

	2014	2013
	US$'000	US$'000
Profit/(loss) before income tax	**33,140**	(86,468)
Calculated at a taxation rate of 25% (2013: 15%)	**8,285**	(12,970)
Different taxation rates in other countries	**(20,180)**	(5,345)
Change of taxation rate	**(1,425)**	829
Income not subject to tax	**(7,712)**	(21,239)
Expenses not deductible for tax purposes	**34,345**	23,502
Losses for which no deferred income tax asset was recognized	**25,959**	51,531
Utilization of previously unrecognized tax loss	**(3,249)**	(1,773)
Derecognition of prior year deferred income tax asset	**—**	5,643
Over-provision in respect of prior years	**(964)**	(381)
Withholding tax on unremitted earnings	**3,431**	4,742
Temporary differences for which no deferred income tax asset was recognized	**—**	8,380
Other taxes	**52**	1,202
Income tax expense	**38,542**	54,121

Certain comparative figures have been reclassified to conform with current year's presentation.

12 (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of US$896,000 (2013: profit US$22,916,000).

13 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	2014	2013
Profit/(loss) attributable to owners of the Company (US$'000)	**41,808**	(47,246)
Weighted average number of ordinary shares in issue (thousands)	**2,345,636**	2,345,636
Basic earnings/(loss) per share (US cents per share)	**1.78**	(2.01)

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Its calculation is made 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 as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings/(loss) per share for the year ended 31st December 2014 and 2013 equal basic earnings/(loss) per share as the exercise of the outstanding share options would be anti-dilutive.

14 DIVIDENDS

	2014 US$'000	2013 US$'000
Final, proposed, of US0.128 cent (2013: US0.128 cent) per ordinary share	**3,002**	3,002

A dividend in respect of the year ended 31st December 2014 of US0.128 cent per share (2013: US0.128 cent per share) was proposed by the board of directors on 19th March 2015 and to be approved by the shareholders in the forthcoming annual general meeting. This proposed final dividend, amounting to US$3,002,000 has not been recognized as a liability in the financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st December 2015.

15 INTANGIBLE ASSETS

	Goodwill US$'000	Trademarks and patents US$'000	Software US$'000	Others US$'000	Total US$'000
At 1st January 2013					
Cost	392,725	262,346	9,386	18,203	682,660
Accumulated amortization	—	(65,865)	—	(12,706)	(78,571)
Net book amount	392,725	196,481	9,386	5,497	604,089
Year ended 31st December 2013					
Opening net book amount	392,725	196,481	9,386	5,497	604,089
Exchange differences	—	5,106	283	(21)	5,368
Additions arisen from business combination	1,261	—	—	537	1,798
Additions	—	—	26,690	347	27,037
Amortization (Note 8)	—	(52,563)	(4,630)	(5,135)	(62,328)
Impairment (Note 7)	—	(44,833)	—	—	(44,833)
Closing net book amount	393,986	104,191	31,729	1,225	531,131
At 31st December 2013					
Cost	393,986	263,310	36,319	19,460	713,075
Accumulated amortization and impairment	—	(159,119)	(4,590)	(18,235)	(181,944)
Net book amount	393,986	104,191	31,729	1,225	531,131
Year ended 31st December 2014					
Opening net book amount	393,986	104,191	31,729	1,225	531,131
Exchange differences	—	(7,263)	(2,993)	(17)	(10,273)
Additions	—	4,600	3,002	287	7,889
Transfer	—	—	4	—	4
Amortization (Note 8)	—	(37,299)	(6,191)	(716)	(44,206)
Impairment (Note 7)	—	(44,504)	—	—	(44,504)
Closing net book amount	393,986	19,725	25,551	779	440,041
At 31st December 2014					
Cost	393,986	242,158	35,464	19,678	691,286
Accumulated amortization and impairment	—	(222,433)	(9,913)	(18,899)	(251,245)
Net book amount	393,986	19,725	25,551	779	440,041

15 INTANGIBLE ASSETS (CONTINUED)

Notes:

(i) Amortization charge for the Group included in 'cost of sales' and 'administrative expenses' amounted to US$40,447,000 (2013: US$55,061,000) and US$3,759,000 (2013: US$7,267,000) respectively in the consolidated income statement.

(ii) Impairment of the trademarks and patents for the Group is included in 'other (losses)/gains, net' in the consolidated income statement.

Impairment tests for goodwill

Management reviews the business performance of the Group based on the products and services the respective businesses provide. Monitors and TVs are identified as the main products of the Group. Goodwill is monitored by management at the operating segment level. The following is a summary of goodwill allocation for each operating segment:

	2014 **US$'000**	2013 US$'000
Monitors	**324,274**	324,274
TVs	**69,712**	69,712
	393,986	393,986

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are projected for the next four-year period using the estimated growth in revenue and gross profit margin. Thereafter, the cash flows are extrapolated using the terminal growth rates not exceeding the long-term average growth rate for the business in which the CGU operates.

For each of the CGUs with significant amount of goodwill, the key assumptions used for value-in-use calculations in 2014 and 2013 are as follows:

	2014		2013	
	Monitors	**TVs**	Monitors	TVs
Gross profit margin growth (CAGR)*	**0.9%**	**–0.4%**	4%	5%
Revenue growth (CAGR)*	**0.5%**	**10%**	–2%	15%
Terminal growth rate	**0%**	**3%**	2%	3%
Discount rate	**10%**	**10%**	10%	10%

* CAGR refers to compound annual growth rate over the five-year projection period

Management determined the budgeted gross profit margins based on past performances and their expectations of market developments. The revenue reduction/growth rates are estimated based on the industry forecasts and management's expectations. The terminal growth rates are based on the expected inflation rate. The discount rates used reflect specific risks relating to the relevant operating segments. The estimated recoverable amount of the CGUs exceeded their carrying values and the directors are of the opinion that there was no impairment of goodwill as at 31st December 2014 and 2013.

15 INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (Continued)

If the forecasted revenue growth rate had been lowered by one percentage point for the Group's core monitors business and TV business respectively, the recoverable amounts would be lowered by 20% and 6% respectively, but would still exceed their carrying amounts.

Impairment test for trademarks

The Group tests whether the trademarks for China and outside China TV businesses are subject to any impairment, in accordance with the accounting policies set out in Note 2.11 of these consolidated financial statements.

During the year ended 31st December 2014, management considered there was no significant impairment indicator in relation to the trademark for China TV businesses. Consequently, no impairment was made for the year ended 31st December 2014 (2013: impaired by US$10,049,000 for the trademark for China TV businesses).

During the year ended 31st December 2014, management considered there were impairment indicators in relation to the trademark for outside China TV businesses due to continuous loss suffered by the outside China business as a result of lower sales and gross profit margins than previously forecasted. Management has performed an assessment on the recoverable amount of the trademark based on value-in-use. The calculation used pre-tax cash flow projections based on financial budgets and forecasts as approved by management, covering a period of five years. Cash flows beyond the five-year period were extrapolated using a terminal growth rate of 3% (2013: 3%), based on the expected inflation rate not exceeding the long-term average growth rate for the TV business in which the Group operates.

Management considers that the growth in revenue and gross profit margin to be the key assumptions in the above value-in-use calculation. The revenue growth over the next five-year period is estimated to increase by a CAGR of 6.4% (2013: 4.5%). The gross profit margins growth over the next five-year period is estimated to increase by a CAGR of 6.4% (2013: 10.6%). The revenue growth rates and gross profit margins are estimated based on past performances and management's expectations of the market and product development. The discount rate applied is 22.2%, which reflect specific risks relating to the Group and the industry it operates within.

After taking into account the expected operating environment and market conditions, trademark for outside China TV business was impaired by US$44,504,000 (2013: US$33,935,000) for the year ended 31st December 2014. Recoverable amount of the trademark for outside China TV businesses is same as its carrying amount as at 31st December 2014.

If the forecasted revenue growth rate had been lowered/increased by one percentage point, a further/reduced impairment in trademarks of approximately US$13,501,000/US$16,126,000 would have been resulted for the trademark for outside China TV business.

If the forecasted gross profit margin had been lowered/increased by one percentage point, a further/reduced impairment in trademarks of approximately US$14,325,000/US$33,378,000 would have been resulted for the trademark for outside China business.

16 PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land outside Hong Kong US$'000	Buildings outside Hong Kong US$'000	Land and buildings in Hong Kong US$'000	Leasehold improvements US$'000	Machinery and equipment US$'000	Moulds US$'000	Electrical appliances and equipment US$'000	Transportation equipment US$'000	Furniture, fixtures and miscellaneous equipment US$'000	Construction-in-progress US$'000	Total US$'000
At 1st January 2013											
Cost	46,257	291,468	6,629	74,641	177,077	313,878	165,673	4,555	54,582	80,595	1,215,355
Accumulated depreciation	–	(57,582)	(521)	(19,076)	(63,376)	(232,038)	(113,621)	(2,717)	(33,330)	–	(522,261)
Accumulated impairment losses	–	(2,695)	–	(871)	(321)	(5,428)	(793)	–	(11)	(1,406)	(11,525)
Net book amount	46,257	231,191	6,108	54,694	113,380	76,412	51,259	1,838	21,241	79,189	681,569
Year ended 31st December 2013											
Opening net book amount	46,257	231,191	6,108	54,694	113,380	76,412	51,259	1,838	21,241	79,189	681,569
Exchange differences	(2,980)	(7,120)	–	(2,927)	(6,014)	(415)	1,352	(250)	(543)	443	(18,454)
Additions	977	2,045	–	18,207	6,484	90,834	9,963	1,041	9,085	58,121	196,757
Additions arisen from business combination	–	–	–	–	739	–	708	–	103	–	1,550
Transfers (Note 18)	(2)	51,544	–	7,236	6,019	9,341	3,589	270	6,179	(94,394)	(10,218)
Disposals	(3,801)	(17,189)	–	(5,108)	(2,028)	(1,490)	(3,541)	(135)	(3,090)	(38)	(36,420)
Depreciation (Note 8)	–	(13,857)	(298)	(7,170)	(17,690)	(82,525)	(20,677)	(728)	(7,477)	–	(150,422)
Provision for impairment losses (Note 8)	–	–	–	(5,942)	(184)	(2,303)	(272)	–	(2)	(557)	(9,260)
Closing net book amount	40,451	246,614	5,810	58,990	100,706	89,854	42,381	2,036	25,496	42,764	655,102
At 31st December 2013											
Cost	40,451	297,740	6,629	80,581	175,366	328,324	156,991	5,375	62,314	44,726	1,198,497
Accumulated depreciation	–	(48,431)	(819)	(20,720)	(74,330)	(230,441)	(113,507)	(3,339)	(36,811)	–	(528,398)
Accumulated impairment losses	–	(2,695)	–	(871)	(330)	(8,029)	(1,103)	–	(7)	(1,962)	(14,997)
Net book amount	40,451	246,614	5,810	58,990	100,706	89,854	42,381	2,036	25,496	42,764	655,102

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group

	Freehold land outside Hong Kong US$'000	Buildings outside Hong Kong US$'000	Land and buildings in Hong Kong US$'000	Leasehold improvements US$'000	Machinery and equipment US$'000	Moulds US$'000	Electrical appliances and equipment US$'000	Transportation equipment US$'000	Furniture, fixtures and miscellaneous equipment US$'000	Construction-in-progress US$'000	Total US$'000
Year ended 31st December 2014											
Opening net book amount	40,451	246,614	5,810	58,990	100,706	89,854	42,381	2,036	25,496	42,764	655,102
Exchange differences	(5,078)	(2,580)	–	(2,336)	(5,142)	(568)	(509)	(76)	(1,210)	(1,151)	(18,650)
Additions	–	4,609	–	3,249	6,732	83,600	9,025	501	5,559	53,346	166,621
Transfers (Notes 15 and 18)	–	–	–	–	–	–	–	–	(4)	(40,273)	(40,277)
Disposals	–	(41)	–	(181)	(1,597)	(1,142)	(543)	(39)	(60)	(831)	(4,434)
Depreciation (Note 8)	–	(13,222)	(298)	(10,084)	(16,831)	(88,047)	(14,523)	(843)	(7,539)	–	(151,387)
Reclassification	–	8,215	–	11,639	4,189	4,329	1,435	351	166	(30,324)	–
Provision for impairment losses (Note 8)	–	–	–	–	(645)	(1,662)	–	–	–	–	(2,307)
Closing net book amount	35,373	243,595	5,512	61,277	87,412	86,364	37,266	1,930	22,408	23,531	604,668
At 31st December 2014											
Cost	35,373	305,783	6,629	89,320	167,639	325,364	161,353	5,871	58,899	23,622	1,179,853
Accumulated depreciation	–	(62,188)	(1,117)	(28,043)	(79,549)	(230,150)	(123,125)	(3,941)	(36,491)	–	(564,604)
Accumulated impairment losses	–	–	–	–	(678)	(8,850)	(962)	–	–	(91)	(10,581)
Net book amount	35,373	243,595	5,512	61,277	87,412	86,364	37,266	1,930	22,408	23,531	604,668

Depreciation expense of US$134,933,000 (2013: US$134,294,000) has been charged in 'cost of sales', US$1,856,000 (2013: US$1,888,000) in 'selling and distribution expenses', US$9,593,000 (2013: US$8,778,000) in 'administrative expenses' and US$5,005,000 (2013: US$5,462,000) in 'research and development expenses' respectively. Impairment loss of US$2,307,000 has been charged in 'cost of sales' during the year (2013: impairment loss of US$3,758,000 in 'cost of sales', impairment loss of US$5,887,000 in 'administrative expenses' and reversal of impairment loss of US$385,000 in 'research and development expenses' respectively).

The net book value of the Group's interest in leasehold land classified as finance lease of US$5,512,000 (2013: US$5,810,000) was held in Hong Kong with lease of 50 (2013: 50) years.

During the year, the Group has capitalized borrowing costs amounting to US$3,719,000 (2013: US$639,000) on qualifying assets. Borrowing costs were capitalized at the weighted average rate of general borrowing of 3.9% (2013: 5.3%).

No property, plant and equipment is restricted nor pledged as security for liabilities as at year ended 31st December 2014 and 2013.

17 LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book amounts are analyzed as follows:

	Group	
	2014	2013
	US$'000	US$'000
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**20,565**	63,091
At 1st January	**63,091**	74,002
Exchange differences	**(1,224)**	1,480
Transfer to investment properties (Note 18)	**(38,182)**	(9,611)
Disposals	**(1,524)**	(916)
Amortization (Note 8)	**(1,596)**	(1,864)
At 31st December	**20,565**	63,091

Amortization of US$1,596,000 (2013: US$1,864,000) has been charged in 'cost of sales'.

18 INVESTMENT PROPERTIES

	Group	
	2014	2013
	US$'000	US$'000
At 1st January	**101,019**	38,178
Transfer in (Note)	**78,455**	19,829
Revaluation gains credited to equity	**4,510**	40,198
Net revaluation gains credited to consolidated income statement (Note 7)	**4,103**	2,814
At 31st December	**188,087**	101,019

Note:

Certain portion of properties were transferred from property, plant and equipment and land use rights to investment properties during the years ended 31st December 2014 and 2013. They are with net book value of US$78,455,000 (2013: US$19,829,000). Upon the transfer, a gain representing revaluation gain on investment properties of US$4,510,000 (2013: US$40,198,000), netted with deferred tax charge of US$1,127,000 (2013: US$10,048,000) was credited to other comprehensive income during the year.

18 INVESTMENT PROPERTIES (CONTINUED)

The investment properties are located in the PRC and Poland. The Group's investment properties comprise:

	Group	
	2014	2013
	US$'000	US$'000
Outside Hong Kong, held on:		
Freehold	**8,381**	9,990
Lease of between 10 to 50 years	**179,706**	91,029
	188,087	101,019

The Group leases out some of the investment properties under operating leases, for a period of one to sixteen years. Rental income from these investment properties for the year amounted to US$3,371,000 (2013: US$3,176,000).

As at 31st December 2014, the Group had US$27,140,000 unprovided contractual obligations for future construction and development (2013: Nil).

An independent valuation of the Group's investment properties was performed by the independent, professionally qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), to determine the fair value of the investment properties as at 31st December 2014 and 2013. The revaluation gains or losses are included in 'other (losses)/gains, net' in the consolidated income statement (Note 7). The following table analyzes the investment properties carried at fair value, by valuation method.

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

	2014	2013
	US$'000	US$'000
Recurring fair value measurements		
Investment properties:		
— Industrial buildings — the PRC	**98,782**	91,029
— Industrial building — Poland	**8,381**	9,990
— Office and commercial building under construction — the PRC	**80,924**	—
	188,087	101,019

18 INVESTMENT PROPERTIES (CONTINUED)

Fair value measurements using significant unobservable inputs (Level 3): (Continued)

The Group's policy is to recognize 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 transfers between Levels 1, 2 and 3 during the year.

	The PRC US$'000	Poland US$'000	Total US$'000
At 1st January 2014	**91,029**	**9,990**	**101,019**
Transfer in	**78,455**	**—**	**78,455**
Revaluation gains credited to equity	**4,510**	**—**	**4,510**
Net revaluation gains/(losses) charged to consolidated income statement	**5,712**	**(1,609)**	**4,103**
At 31st December 2014	**179,706**	**8,381**	**188,087**
Total unrealized gains/(losses) for the year included in consolidated income statement, under 'other (losses)/gains, net'	**5,712**	**(1,609)**	**4,103**
Change in unrealized gains for the year included in other comprehensive income	**4,510**	**—**	**4,510**
At 1st January 2013	27,890	10,288	38,178
Transfer in	19,829	—	19,829
Revaluation gains charged to equity	40,198	—	40,198
Net revaluation gains/(losses) charged to consolidated income statement	3,112	(298)	2,814
At 31st December 2013	91,029	9,990	101,019
Total unrealized gains/(losses) for the year included in consolidated income statement, under 'other (losses)/gains, net'	3,112	(298)	2,814
Change in unrealized gains for the year included in other comprehensive income	40,198	—	40,198

18 INVESTMENT PROPERTIES (CONTINUED)

Valuation processes of the Group

The Group's investment properties were valued at 31st December 2014 and 2013 by the independent, professionally qualified valuer, JLL, who holds a recognized relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by JLL for financial reporting purpose. These valuation results are then reported to the Group's management for discussions and review in relation to the valuation processes and the reasonableness of valuation results.

Valuation techniques

For industrial buildings and office and commercial building under construction in the PRC and Poland, the valuations were based on income approach and residual approach respectively, which largely use unobservable inputs (e.g. market rent, yield, etc) and taking into account the significant adjustment on term yield to account for the risk upon reversionary, the estimation in vacancy rate after expiry of current lease and expected construction costs incurred to complete the construction.

Information about fair value measurements using significant unobservable inputs (Level 3)

Properties	Fair value at 31st December 2014 (US$'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability — weighted average)	Relationship of unobservable inputs to fair value
Industrial buildings — the PRC	98,782	Income approach (term and reversionary yield method)	Market rent	RMB0.55–RMB1.80 per square meter per day (RMB1.20 per square meter per day)	The higher the rent, the higher the fair value.
			Term yield	6.5%–9.0% (8.2%)	The higher the yield, the lower the fair value.
			Reversionary yield	7.0%–9.5% (8.7%)	The higher the yield, the lower the fair value.
			Vacancy rate	5.0%	The higher the vacancy rate, the lower the fair value.
Industrial property — Poland	8,381	Income capitalization approach	Market rent	EUR2.0–EUR8.0 per square meter per month (EUR3.4 per square meter per month)	The higher the rent, the higher the fair value.
			Capitalization rate	95%	The higher the capitalization rate, the lower the fair value.

18 INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (Continued)

Information about fair value measurements using significant unobservable inputs (Level 3) (Continued)

Properties	Fair value at 31st December 2014 (US$'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability — weighted average)	Relationship of unobservable inputs to fair value
Office and commercial building under construction — the PRC	80,924	Residual approach	Construction Cost	RMB7,800 per square meter	The higher the cost, the lower the fair value.
			Market rent	RMB4.5–RMB5.0 per square meter per day (RMB4.85 per square meter per day)	The higher the rent, the higher the fair value.
			Term yield	4.5%–5.0% (4.6%)	The higher the yield, the lower the fair value.
			Reversionary yield	5.0%–5.5% (5.1%)	The higher the yield, the lower the fair value.
			Vacancy rate	5.0%	The higher the vacancy rate, the lower the fair value.

There are inter-relationships between unobservable inputs. Increase in lease terms may result in decrease in yield. Change of the leasing conditions, extension of the lease term and leasable area may result in decrease in rent.

19 INVESTMENT IN A SUBSIDIARY AND AMOUNTS DUE FROM SUBSIDIARIES

Company

	2014	2013
	US$'000	US$'000
Investment, unlisted shares, at cost	**59,066**	59,066
Amounts due from subsidiaries	**865,238**	952,574
	924,304	1,011,640
Less: Non-current portion	**(918,353)**	(918,399)
Current portion	**5,951**	93,241

As at 31st December 2014 and 2013, the non-current amounts due from subsidiaries are unsecured, interest-free and repayable on demand. However, the Company does not expect to recall these amounts within the next twelve months.

The following is a list of the principal subsidiaries at 31st December 2014:

Name	Place of incorporation/ establishment (Note a)	Principal activities	Particulars of issued share capital/registered capital	Interest held by the Company (Note d) directly	Interest held by the Company (Note d) indirectly	Interest held by non-controlling interest
Top Victory International Limited	British Virgin Islands	Investment holding	1,000 ordinary shares of US$1 each	100%	–	–
Top Victory Investments Limited	Hong Kong	Trading of computer monitors and flat TVs and sourcing of materials	HK$11,000 divided into 1,000 voting class "A" ordinary shares of HK$1 each and 10,000 non-voting deferred shares of HK$1 each (Note c)	–	100%	–
Top Victory Electronics (Fujian) Company Limited[1] (Note b)	The PRC, limited liability company	Production and sales of computer monitors	Paid-in capital of US$40,000,000	–	100%	–
Top Victory Electronics (Taiwan) Company Limited[1]	Taiwan	Research and development of computer monitors and flat TVs and sourcing of certain components	92,000,000 ordinary shares of New Taiwan Dollar 10 each	–	100%	–
TPV Electronics (Fujian) Company Limited[1] (Note b)	The PRC, limited liability company	Production and sales of computer monitors and flat TVs	Paid-in capital of US$45,000,000	–	100%	–

19 INVESTMENT IN A SUBSIDIARY AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

Company (Continued)

Name	Place of incorporation/ establishment (Note a)	Principal activities	Particulars of issued share capital/ registered capital	Interest held by the Company (Note d)		Interest held by non-controlling interest
				directly	indirectly	
TPV Electronics (Fuzhou Bonded Zone) Trading Company Limited[1] (Note b)	The PRC, limited liability company	Trading of computer monitors and flat TVs	Paid-in capital of US$3,000,000	–	100%	–
TPV Technology (Wuhan) Company Limited[1] (Note b)	The PRC, limited liability company	Production and sales of computer monitors	Paid-in capital of US$16,880,000	–	100%	–
TPV Display Technology (Wuhan) Company Limited[1] (Note b)	The PRC, limited liability company	Production and sales of computer monitors	Paid-in capital of US$27,000,000	–	100%	–
Wuhan Admiral Technology Limited[1] (Note b)	The PRC, limited liability company	Sales and distribution of computer monitors and flat TVs	Paid-in capital of RMB80,000,000	–	100%	–
Xiamen Admiral Electronics Technology Company Limited[1] (Note b)	The PRC, limited liability company	Sales and distribution of computer monitors and flat TVs	Paid-in capital of RMB3,000,000	–	100%	–
TPV International (USA), Inc.	USA	Sales and distribution of computer monitors and flat TVs	1,000,000 ordinary shares of US$1 each	–	100%	–
Envision Indústria de Produtos Electrônicos Ltda.	Brazil	Production and sales of computer monitors and all-in-one PC products	367,361,855 ordinary shares of Brazilian real 1 each	–	100%	–
TPV Technology (Beijing) Company Limited[1] (Note b)	The PRC, limited liability company	Production and sales of computer monitors and flat TVs	Paid-in capital of RMB16,000,000	–	100%	–
TPV Display Polska Sp.z o.o	Poland	Production and sales of computer monitors and flat TVs	357,600 ordinary share of Poland zloty 500 each	–	100%	–
MMD (Shanghai) Electronics Trading Company Limited[1] (Note b)	The PRC, limited liability company	Sales and distribution of computer monitors and flat TVs	Paid-in capital of RMB20,000,000	–	100%	–
MMD (Shanghai) Electronics Technology Company Limited[1] (Note b)	The PRC, limited liability company	Sales and distribution of computer monitors and flat TVs	Paid-in capital of RMB20,000,000	–	100%	–
TPV-INVENTA Holding Limited	Hong Kong	Sales and distribution of all-in-one PC products	20,000,000 ordinary shares of US$1 each	–	51%	49%
TPV-INVENTA Technology (Fujian) Limited[1] (Note b)	The PRC, limited liability company	Production and sales of all-in-one PC products	Paid-in capital of US$15,000,000	–	51%	49%

19 INVESTMENT IN A SUBSIDIARY AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

Company (Continued)

Name	Place of incorporation/ establishment (Note a)	Principal activities	Particulars of issued share capital/ registered capital	Interest held by the Company (Note d) directly	Interest held by the Company (Note d) indirectly	Interest held by non-controlling interest
TPV-INVENTA Technology Company Limited[1]	Taiwan	Research and development and after-sale services	152,500,000 ordinary shares of New Taiwan Dollar 10 each	–	51%	49%
TPV Display Technology (Xiamen) Company Limited[1] (Note b)	The PRC, limited liability company	Production and sales of flat TVs and LCM modules	Paid-in capital of US$25,000,000	–	100%	–
TPV Display Technology (China) Company Limited[1] (Note b)	The PRC, limited liability company	Production and sales of computer monitors, flat TVs and all-in-one PC products	Paid-in capital of US$21,739,100	–	92%	8%
Trend Smart America Ltd	USA	Trading of flat TVs	Paid-in capital of US$200,000	–	100%	–
TPV CIS Ltd	Russia	Production and sales of flat TVs	Paid-in capital of US$19,679,857	–	100%	–
PTC Technology Company Limited[1] (Note b)	The PRC, limited liability Company	Sales and distribution of flat TVs	Paid-in capital of RMB20,000,000	–	100%	–
PTC Consumer Electronics Company Limited[1] (Note b)	The PRC, limited liability Company	Sales and distribution of flat TVs	Paid-in capital of EUR1,240,000	–	100%	–
TPV Technology (Qingdao) Company Limited[1] (Note b)	The PRC, limited liability Company	Production and sales of computer monitors and flat TVs	Paid-in capital of US$30,000,000	–	80%	20%
TP Vision Holding B.V.	Netherlands	Investment holding	Paid-in capital of EUR18,000	–	100%	–
TP Vision Europe B.V.	Netherlands	Sales and distribution of TVs	180 ordinary shares of EUR100 each	–	100%	–

[1] English translation is for identification purpose only.

Notes:

(a) These subsidiaries principally operate in their places of incorporation/establishment.

(b) These subsidiaries were established as foreign-owned enterprises in the PRC.

(c) The non-voting deferred shares shall not confer on the holders thereof voting rights or any rights and privileges to participate in profits and assets except that Top Victory Investments Limited may distribute profits in respect of any financial year the first HK$100,000,000,000,000 thereof among the holders of the "A" ordinary shares and the balance, if any, among the holders of the "A" ordinary shares and the non-voting deferred shares. Top Victory Investments Limited may distribute assets as regards the first HK$100,000,000,000,000 thereof among the holders of "A" ordinary shares and the balance, if any, among the holders of "A" ordinary shares and non-voting deferred shares.

(d) No difference between the interest held and the voting right held by the Company.

20 INVESTMENTS IN ASSOCIATES

	2014 US$'000	2013 US$'000
Investment in L&T Display Technology (Fujian) Limited[1] ("L&T Fujian")	**30,721**	24,012
Investments in other associates	**31,398**	33,837
	62,119	57,849

Set out below is the associate of the Group as at 31st December 2014, which, in the opinion of the directors, is material to the Group. The associate as listed below, has share capital consisting solely of ordinary shares, which are held indirectly by the Group.

Nature of investment in material associate as at 31st December 2014 and 2013:

Name of entity[1]	Place of incorporation/ establishment	% of interest held indirectly	Nature of the relationship	Measurement method
L&T Fujian	The PRC	49%	The associate manufactures and supplies monitors and spare parts	Equity

[1] English translation is for identification purpose only.

The associate is an unlisted limited liability company in the PRC and there is no quoted market price available for its shares.

As at 31st December 2014 and 2013, there are no significant contingent liabilities and capital commitment relating to the Group's interest in the associate.

20 INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarized financial information for material associate

Set out below are the summarized financial information of L&T Fujian which is accounted for using the equity method. The information below reflects the amounts presented in the financial statements of the associate. There is no significant difference in accounting policies between the Group and L&T Fujian.

	2014 **US$'000**	2013 US$'000
Summarized balance sheet		
Non-current assets	**22,154**	29,954
Current assets	**270,306**	269,288
Non-current liabilities	**—**	—
Current liabilities	**(229,582)**	(250,238)
Net assets	**62,878**	49,004
Summarized income statement		
Revenue	**1,129,686**	1,089,210
Profit from continuing operation	**15,071**	7,259
Other comprehensive income for the year	**—**	—
Total comprehensive income for the year	**15,071**	7,259
Dividend received from associate	**—**	—

Reconciliation of summarized financial information

Reconciliation of the summarized financial information of the material associate presented to the carrying value of the Group's interest in associates.

	2014 **US$'000**	2013 US$'000
Opening net assets as at 1st January	**49,004**	40,547
Exchange differences	**(1,197)**	1,198
Profit for the year	**15,071**	7,259
Other comprehensive income	**—**	—
Dividends	**—**	—
Closing net assets as at 31st December	**62,878**	49,004
Interest in the associate	**49%**	49%
Net assets attributable to the Group as at 31st December before elimination	**30,810**	24,012
Elimination of unrealized profit	**(89)**	—
Net asset attributable to the Group as at 31st December	**30,721**	24,012
Investments in other associates (Note a)	**31,398**	33,837
Carrying value as at 31st December	**62,119**	57,849

20 INVESTMENTS IN ASSOCIATES (CONTINUED)

Reconciliation of summarized financial information (Continued)

Note:

(a) Aggregate information of other associates

Set out below is the Group's share of results of other associates that are not individually material.

	2014 **US$'000**	2013 US$'000
(Loss)/profit for the year	**(1,743)**	2,803
Other comprehensive income for the year	**—**	—
Total comprehensive (loss)/income for the year	**(1,743)**	2,803

Other associates included L&T Display Technology (Xiamen) Limited, for which the Group has not recognized losses amounting to US$152,000 for the year ended 31st December 2014 (2013: US$5,454,000). The accumulated losses not recognized were US$8,401,000 as at 31st December 2014 (2013: US$8,249,000).

21 INVESTMENT IN A JOINT VENTURE

	Group	
	2014 **US$'000**	2013 US$'000
At 1st January	**1,353**	1,781
Exchange differences	**671**	30
Share of loss charged to consolidated income statement	**(672)**	(458)
At 31st December	**1,352**	1,353

21 INVESTMENT IN A JOINT VENTURE (CONTINUED)

The directors are of the opinion that the joint venture is not material to the Group as at 31st December 2014 and 2013. The Group's joint venture is unlisted as at 31st December 2014 and 2013. The Group's share of result of this joint venture and its aggregated assets and liabilities, are as follows:

Name	Particulars of issued shares held/registered capital	Place of incorporation/ establishment	Attributable to the Group 2014 Assets	Liabilities	Revenue	Loss for the year	% Interest held indirectly
			US$'000	US$'000	US$'000	US$'000	
BriVictory Display Technology (Labuan) Corp.	15,999,998 ordinary shares with US$1 each	Malaysia	**1,352**	**—**	**—**	**(672)**	**49%**
			2013				
			1,362	(9)	—	(458)	49%

There are no significant contingent liabilities and material capital commitment relating to the Group's interest in the joint venture as at 31st December 2014 and 2013.

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group **2014**	2013
	US$'000	US$'000
At 1st January	**5,558**	1,158
Exchange differences	**(828)**	79
Additions	**2,662**	4,448
Disposals	**(1,652)**	—
Impairment losses charged to consolidated income statement (Note 7)	**—**	(127)
Fair value gains	**479**	—
At 31st December	**6,219**	5,558
Less: non-current portion	**(6,219)**	(3,906)
Current portion	**—**	1,652

No impairment losses (2013: US$127,000) has been charged to 'other (losses)/gains, net' in the consolidated income statement.

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Available-for-sale financial assets include the following:

	Group	
	2014	2013
	US$'000	US$'000
Listed securities:		
— Equity securities — Taiwan	**1,051**	582
Unlisted securities		
— Debt securities — The PRC	**—**	1,652
— Equity securities — Argentina	**4,745**	2,886
— Equity securities — Taiwan	**423**	438
	6,219	5,558
Market value of listed securities	**1,051**	582

As at 31st December 2014, the carrying amount of unlisted securities of US$5,168,000 (2013: US$4,976,000) approximates its fair values. Details of the fair value measurements are set out in Note 3.3 to the financial statements.

23 INVENTORIES

	Group	
	2014	2013
	US$'000	US$'000
Raw materials	**542,009**	498,596
Work-in-progress	**124,718**	104,075
Finished goods	**754,369**	719,191
Production supplies	**2,916**	2,503
	1,424,012	1,324,365

The Group made inventory provision to write down the inventories to net realizable value. Inventory provision of US$17,588,000 was written back (2013: US$22,574,000 provided) during the year as the Group has sold the inventories that were previously written down. The amount has been included in 'cost of sales' in the consolidated income statement.

24 TRADE AND OTHER RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER ASSETS

	Group	
	2014	2013
	US$'000	US$'000
Non-current		
Prepayments	**5,325**	—
Other assets (Note a)	**66,675**	69,255
Other receivables (Note b)	**33,330**	93,024
	105,330	162,279
Current		
Trade receivables	**2,159,020**	2,282,535
Less: provision for impairment of trade receivables	**(30,315)**	(31,795)
Trade receivables, net	**2,128,705**	2,250,740
Deposits	**9,338**	6,093
Prepayments	**32,293**	41,480
Other receivables		
— Value-added tax recoverable	**248,196**	258,017
— Others (Note b)	**318,387**	280,397
	608,214	585,987
Total	**2,842,249**	2,999,006

Notes:

(a) As at 31st December 2014, the non-current other assets of US$66,675,000 (2013: US$69,255,000) related to cash placed in an escrow account for certain consumer care obligations arising in TP Vision Group as set out in Trademark License Agreement between TP Vision Group and Philips. The receivable is classified as non-current as the related obligations fall due in more than one year.

(b) At 31st December 2014, included in other receivables is US$52,636,000 (2013: US$86,986,000) due from Fuqing Municipal People's Government of the PRC relating to the disposal of certain properties and land use rights in the PRC.

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

24 TRADE AND OTHER RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER ASSETS (CONTINUED)

At 31st December 2014 and 2013, the ageing analysis of gross trade receivables based on invoice date was as follows:

	Group	
	2014	2013
	US$'000	US$'000
0–30 days	**871,277**	996,698
31–60 days	**770,688**	767,035
61–90 days	**310,626**	308,604
91–120 days	**61,239**	71,310
Over 120 days	**145,190**	138,888
	2,159,020	2,282,535

The Group's credit risk control and the analysis of concentration of credit risk are disclosed in Note 3.

No significant defaults in the past was noted for existing customers with trade receivables that are neither past due nor impaired as at 31st December 2014.

As at 31st December 2014, gross trade receivables of US$180,784,000 (2013: US$196,398,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default, including few customers in South America, which the directors have assessed and considered to be fully recoverable based on, among others, agreed settlement plans with these debtors.

The ageing analysis of these past due trade receivables is as follows:

	Group	
	2014	2013
	US$'000	US$'000
1–90 days	**127,656**	141,593
91–120 days	**17,849**	26,113
Over 120 days	**35,279**	28,692
	180,784	196,398

As at 31st December 2014, gross trade receivables of US$46,103,000 (2013: US$34,976,000) were impaired. The amount of the provision was US$30,315,000 as at 31st December 2014 (2013: US$31,795,000). The individually impaired receivables mainly relate to balances due from an associate, a customer in Russia and a number of other customers, which are in unexpectedly difficult financial situations. It is assessed that the non-impaired portion of these receivables is expected to be recovered, including an amount of US$11,150,000 due from the customer in Russia with part of which covered by credit insurance.

24 TRADE AND OTHER RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER ASSETS (CONTINUED)

The ageing analysis of these impaired receivables is as follows:

	2014	2013
	US$'000	US$'000
1–120 days	**—**	66
Over 120 days	**46,103**	34,910
	46,103	34,976

Movements on the provision for impairment of trade receivables are as follows:

	2014	2013
	US$'000	US$'000
At 1st January	**31,795**	22,335
Provision for impairment of trade receivables (Note 8)	**2,215**	9,885
Receivables written off during the year as uncollectible	**(2,224)**	(425)
Exchange differences	**(1,471)**	—
At 31st December	**30,315**	31,795

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional amount.

The other receivables contain US$2,498,000 (2013: Nil) of provision for impaired receivables which has been included in 'administrative expenses' in the consolidated income statement (Note 8). Other classes within deposits, prepayments and other assets do not contain impaired assets.

The Group does not hold any significant collateral as security.

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2014	2013
	US$'000	US$'000
Current		
Listed securities, at market value:		
— Equity securities — Taiwan	**2,177**	3,038
— Equity securities — Other	**—**	117
	2,177	3,155
Non-current		
Unlisted securities		
— Equity securities — The PRC (Note)	**22,557**	—
	24,734	3,155

The fair value of the listed equity securities is based on their current bid prices in the active market.

Changes in fair value of financial assets at fair value through profit or loss are recorded in 'other (losses)/gains, net' in the consolidated income statement (Note 7).

Note:

Top Victory Investments Limited ("TVI"), a wholly owned subsidiary of the Group, entered into a Supplemental Joint Venture Agreement and a Supplemental Investment Agreement dated 20th January 2014 (collectively, "JV Agreement") with China Electronics Corporations ("CEC") and its subsidiaries and other independent third parties to establish a joint venture company in Nanjing, the PRC ("Nanjing JV"), which engages in research and development, manufacturing and selling of color filters, LCD panels and modules (the "Products").

Under the JV Agreement, the registered capital of Nanjing JV is RMB17,500,000,000 (approximately US$2,820,000,000). TVI owns 0.8% equity interests and contributes RMB140,000,000 (approximately US$22,557,000) in proportion to its equity interest.

Pursuant to the JV Agreement, TVI may exercise an option (the "Put Option") to require other shareholders of Nanjing JV to acquire the 0.8% equity interests in Nanjing JV at a price equivalent to the original registered capital contributed by TVI (i.e. RMB140,000,000, approximately US$22,557,000) plus an interest of 4% per annum. TVI has a right to exercise the Put Option within three years from (i) the fourth anniversary of the registration date of Nanjing JV; and (ii) the date on which Nanjing JV issues its first invoice in relation to the Products, whichever is earlier.

The investment is classified as a non-current financial asset at fair value through profit or loss with the Put Option exercisable over a year as at 31st December 2014.

This investment together with the Put Option is required under HKFRSs to be stated at fair value. The valuation is based on the expected future returns realizable from this investment as forecasted by management taking into consideration the discounting effects as well as the Group's right to exercise the Put Option. The directors consider the carrying value of this instrument (including the Put Option) approximates its fair value, considering the option right to sell the equity interest to other shareholders.

26 CASH AND BANK BALANCES, PLEDGED BANK DEPOSITS AND LONG-TERM BANK DEPOSITS

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Non-current				
Long-term bank deposits (Note a)	**11,407**	—	**—**	—
Current				
Cash at bank and on hand	**445,208**	328,899	**271**	271
Short-term bank deposits (Note b)	**10,002**	35,661	**—**	—
	455,210	364,560	**271**	271
Pledged bank deposits (Note 36)	**3,961**	5,591	**—**	—
	459,171	370,151	**271**	271
Total	**470,578**	370,151	**271**	271

Notes:

(a) The long-term bank deposits are with 3-year terms which bear interest at a rate of 4.25% per annum and will be matured in September 2017.

(b) The cash and cash equivalents of US$445,208,000 (2013: US$364,560,000) is included for the purpose of the consolidated statement of cash flows. Short-term bank deposits as at 31st December 2014 bear interest at a rate of 2.75% with maturity in October 2015, and were therefore excluded from cash and cash equivalents. Short-term bank deposits as at 31st December 2013 were with original maturity of less than 3 months and were therefore included in cash and cash equivalents.

The conversion of Renminbi and Brazilian real into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the Chinese and Brazilian governments respectively.

27 SHARE CAPITAL

	2014	2013
	US$'000	US$'000
Authorized:		
4,000,000,000 (2013: 4,000,000,000) ordinary shares of US$0.01 each	**40,000**	40,000
Issued and fully paid:		
2,345,636,139 (2013: 2,345,636,139) ordinary shares of US$0.01 each	**23,456**	23,456

27 SHARE CAPITAL (CONTINUED)

A summary of the above movements in issued share capital of the Company is as follows:

	2014		2013	
	Number of issued ordinary shares of US$0.01 each	**Share capital US$'000**	Number of issued ordinary shares of US$0.01 each	Share capital US$'000
At 1st January and 31st December	**2,345,636,139**	**23,456**	2,345,636,139	23,456

28 SHARE-BASED PAYMENTS

Under the share option scheme which was granted on 18th January 2011 ("2011 Scheme"), the exercise price of the granted options is equal to HK$5.008. Options are conditional on completing four years of service (the vesting period). The options are exercisable within ten years from the grant date and are expiring on 17th January 2021 (both days inclusive).

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

	2014		2013	
	Average exercise price in HK$ per share option	**Number of share options (thousands)**	Average exercise price in HK$ per share option	Number of share options (thousands)
At 1st January	**5.008**	**37,030**	5.008	40,080
Lapsed (Note a)	**5.008**	**(3,260)**	5.008	(3,050)
At 31st December	**5.008**	**33,770**	5.008	37,030

Out of the 33,770,000 outstanding options (2013: 37,030,000), 25,328,000 options were exercisable as at 31st December 2014 (2013: 18,515,000 options). No option was exercised during the year (2013: Nil).

28 SHARE-BASED PAYMENTS (CONTINUED)

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK$ per share option	Number of share options (thousands) 2014	2013
17th January 2021 (Note b)	5.008	**33,770**	37,030
		33,770	37,030

The fair value of options granted of 2011 Scheme determined using the Binomial Option Pricing Model was HK$1.84 per option. The significant inputs into the model were closing share price of HK$4.96 at the grant date, exercise price shown above, volatility of 53.96%, a vesting period of four years, an expected option life of ten years, dividend yield of 3.11% per annum, a forfeiture rate of 3.28% and a risk-free interest rate of 2.73% per annum. The volatility measured at the grant date is referenced to the historical volatility of the Company.

The total expense for share options granted to directors and employees are recognized as 'employee benefit expenses' in the consolidated income statement (Note 9).

Notes:

(a) During the year, 3,260,000 (2013: 3,050,000) share options under 2011 Scheme were lapsed as a result of the cessation of employment of certain employees.

(b) 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%, 50%, 75% and 100%, respectively.

29 RESERVES

	Group											
	Share premium	Capital reserve	Share redemption reserve	Employee share-based compensation reserve	Exchange reserve	Reserve fund (Note a)	Merger difference (Note b)	Available-for-sale financial assets fair value reserve	Assets revaluation surplus	Other reserves (Note c)	Retained profits	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1st January 2014	759,464	68,202	12	19,507	(125,803)	90,656	10,001	–	38,004	(14,492)	898,119	1,743,670
Revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax (Note 18)	–	–	–	–	–	–	–	–	3,383	–	–	3,383
Fair value gains on available-for-sale financial assets (Note 22)	–	–	–	–	–	–	–	479	–	–	–	479
Currency translation differences												
– Group	–	–	–	–	4,358	–	–	–	–	–	–	4,358
– Associates and a joint venture	–	–	–	–	(612)	–	–	–	–	–	–	(612)
Profit for the year	–	–	–	–	–	–	–	–	–	–	41,808	41,808
Transfer from retained profits	–	–	–	–	–	5,518	–	–	–	–	(5,518)	–
Employee share option scheme:												
– Employee share-based compensation benefits	–	–	–	418	–	–	–	–	–	–	–	418
Remeasurement of pension obligations, net of tax (Note 32)	–	–	–	–	–	–	–	–	–	–	(7,185)	(7,185)
Capital transaction with non-controlling interest (Note 41)	–	–	–	–	–	–	–	–	–	(128,423)	–	(128,423)
2013 final dividends paid	–	–	–	–	–	–	–	–	–	–	(3,002)	(3,002)
At 31st December 2014	759,464	68,202	12	19,925	(122,057)	96,174	10,001	479	41,387	(142,915)	924,222	1,654,894
Represented by:												
Other reserves												1,651,892
Proposed final dividend (Note 14)												3,002
												1,654,894

29 RESERVES (CONTINUED)

Group

	Share premium US$'000	Capital reserve US$'000	Share redemption reserve US$'000	Employee share-based compensation reserve US$'000	Exchange reserve US$'000	Reserve fund (Note a) US$'000	Merger difference (Note b) US$'000	Available-for-sale financial assets fair value reserve US$'000	Assets revaluation surplus US$'000	Other reserves (Note c) US$'000	Retained profits US$'000	Total US$'000
At 1st January 2013	759,464	68,202	12	18,335	(54,531)	82,435	10,001	(1,336)	7,854	(14,492)	975,499	1,851,443
Revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax (Note 18)	–	–	–	–	–	–	–	–	30,150	–	–	30,150
Transfer to profit or loss on impairment of available-for-sale financial assets	–	–	–	–	–	–	–	1,336	–	–	–	1,336
Currency translation differences												
– Group	–	–	–	–	(72,429)	–	–	–	–	–	–	(72,429)
– Associates and a joint venture	–	–	–	–	1,157	–	–	–	–	–	–	1,157
Loss for the year	–	–	–	–	–	–	–	–	–	–	(47,246)	(47,246)
Transfer from retained profits	–	–	–	–	–	8,221	–	–	–	–	(8,221)	–
Employee share option scheme:												
– Employee share-based compensation benefits	–	–	–	1,172	–	–	–	–	–	–	–	1,172
Remeasurement of pension obligations, net of tax (Note 32)	–	–	–	–	–	–	–	–	–	–	840	840
2012 final dividends paid	–	–	–	–	–	–	–	–	–	–	(22,753)	(22,753)
At 31st December 2013	759,464	68,202	12	19,507	(125,803)	90,656	10,001	–	38,004	(14,492)	898,119	1,743,670

Represented by:	
Other reserves	1,740,668
Proposed final dividend (Note 14)	3,002
	1,743,670

29 RESERVES (CONTINUED)

	Share premium US$'000	Share redemption reserve US$'000	Company Employee share-based compensation reserve US$'000	Contributed surplus (Note d) US$'000	Retained profits US$'000	Total US$'000
At 1st January 2014	**759,464**	**12**	**19,507**	**11,433**	**112,050**	**902,466**
Loss for the year	**—**	**—**	**—**	**—**	**(896)**	**(896)**
Employee share option scheme:						
— Employee share-based compensation benefits	**—**	**—**	**418**	**—**	**—**	**418**
2013 final dividends paid	**—**	**—**	**—**	**—**	**(3,002)**	**(3,002)**
At 31st December 2014	**759,464**	**12**	**19,925**	**11,433**	**108,152**	**898,986**
Represented by:						
Other reserves						**895,984**
Proposed final dividend (Note 14)						**3,002**
						898,986
At 1st January 2013	759,464	12	18,335	11,433	111,887	901,131
Profit for the year	—	—	—	—	22,916	22,916
Employee share option scheme:						
— Employee share-based compensation benefits	—	—	1,172	—	—	1,172
2012 final dividends paid	—	—	—	—	(22,753)	(22,753)
At 31st December 2013	759,464	12	19,507	11,433	112,050	902,466
Represented by:						
Other reserves						899,464
Proposed final dividend (Note 14)						3,002
						902,466

Notes:

(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 the 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 where this 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.

29 RESERVES (CONTINUED)

Notes: (Continued)

(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.

(c) Other reserve primarily arose from the acquisition of remaining 30% equity interest in TP Vision Group, and represents any differences between the amount by which the non-controlling interests are adjusted (to reflect the changes in the interests in the subsidiaries) and the fair value of the consideration paid.

(d) The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued in exchange for the share capital of the subsidiary acquired pursuant to the Reorganization and the value of the consolidated net assets of the subsidiary acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders, provided that the Company will be able to pay its liabilities as they fall due and subsequent to the distribution, the aggregate amount of its total liabilities, as well as the issued share capital and premium is less than the realizable value of its assets.

30 BORROWINGS AND LOANS

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Non-current				
Bank borrowings (Note a)	**78,478**	9,922	**–**	–
Loans (Note b)	**109,358**	195,905	**–**	–
	187,836	205,827	**–**	–
Current				
Note payable (Note c)	**–**	82,505	**–**	82,505
Loans (Note b)	**147,026**	–	**–**	–
Bank overdraft (Note a)	**20,716**	23,414	**–**	–
Bank borrowings (Note a)	**87,715**	212,050	**–**	–
	255,457	317,969	**–**	82,505
Total borrowings and loans	**443,293**	523,796	**–**	82,505

Note:

(a) The bank overdraft and bank borrowings bear interest at floating rates that are market dependent.

30 BORROWINGS AND LOANS (CONTINUED)

Note: (Continued)

(b) Loans represent a term loan ("Term Loan") and three tranches of shareholder's loans ("Shareholder Loans") provided by Philips, the ex-shareholder of TP Vision Group. Both the Term Loan and Shareholder Loans are unsecured, interest bearing at EURO LIBOR plus margin ranging from 1.8% to 3.8% per annum. Loans amounting to US$121,000,000, US$30,000,000 and US$60,000,000 are repayable on 1st April 2015, 1st April 2017 and 30th May 2017 respectively.

As part of the acquisition of the remaining 30% equity interests of TP Vision Group, Philips, has transferred to AOC Holdings Limited ("AOC"), a wholly-owned subsidiary of the Group, its rights and obligation as a lender under all outstanding loans and stand-by facilities between Philips and TP Vision Group. To preserve the original funding arrangement, Philips, AOC and TPV concurrently entered into new loan agreements, whereby Philips made available to AOC loans and stand-by facilities of the same terms. TPV agreed to irrevocably and unconditionally guarantee to Philips the punctual performance by AOC of its obligations under the new loan agreements.

The fair value of the loans from Philips approximate their carrying amount as they bear interest at market rates.

(c) 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 was matured on 21st March 2014. The note payable was repaid upon maturity at par value.

As at 31st December 2014, the Group's and the Company's borrowings and loans were repayable as follows:

	Group				Company	
	Bank borrowings and loans		Notes payable		Notes payable	
	2014	2013	**2014**	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Within one year	**255,457**	235,464	**–**	82,505	**–**	82,505
Between one and two years	**30,000**	171,571	**–**	–	**–**	–
Between two and five years	**157,836**	34,256	**–**	–	**–**	–
Wholly repayable within five years	**443,293**	441,291	**–**	82,505	**–**	82,505

The exposure of the Group's borrowings and loans to interest rate change at 31st December 2014 is disclosed in Note 3.

As at 31st December 2014, the Group's available and undrawn bank loan and trade finance facilities were as follows:

	2014	2013
	US$'000	US$'000
Total available and undrawn facilities	**2,486,633**	2,956,041

31 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax recoverable against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The offset amounts are as follows:

	Group	
	2014	2013
	US$'000	US$'000
Deferred income tax assets:		
— Deferred income tax assets to be recovered after more than 12 months	**37,486**	36,567
— Deferred income tax assets to be recovered within 12 months	**43,809**	34,019
	81,295	70,586
Deferred income tax liabilities:		
— Deferred income tax liabilities to be settled after more than 12 months	**(16,127)**	(13,656)
— Deferred income tax liabilities to be settled within 12 months	**(10,119)**	(10,287)
	(26,246)	(23,943)
Deferred income tax assets (net)	**55,049**	46,643

The gross movement on the deferred income tax account is as follows:

	2014	2013
	US$'000	US$'000
At 1st January	**46,643**	55,558
Exchange differences	**(6,489)**	1,257
Deferred tax credited/(charged) to consolidated income statement (Note 11)	**12,774**	(655)
Deferred tax credited/(charged) to equity	**2,121**	(9,517)
At 31st December	**55,049**	46,643

31 DEFERRED INCOME TAX (CONTINUED)

The natures of items giving rise to deferred tax assets and their respective movements during the year without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

	Provisions and license fee payable		Pension obligations		Unrealized profits on inventories		Tax losses		Others		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
At 1st January	**43,975**	60,214	**2,078**	1,458	**6,930**	4,305	**4,665**	5,480	**29,947**	19,168	**87,595**	90,625
Exchange differences	**(4,119)**	886	**(54)**	(332)	**(1)**	1	**(101)**	113	**(3,512)**	1,207	**(7,787)**	1,875
Credited/(charged) to consolidated income statement	**23,225**	(17,125)	**(599)**	387	**(2,326)**	2,624	**28,446**	(928)	**121**	9,572	**48,867**	(5,470)
Credited to equity	**–**	–	**3,248**	565	**–**	–	**–**	–	**–**	–	**3,248**	565
At 31st December	**63,081**	43,975	**4,673**	2,078	**4,603**	6,930	**33,010**	4,665	**26,556**	29,947	**131,923**	87,595

The natures of items giving rise to deferred tax liabilities and their respective movements in deferred income tax liabilities during the year without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

	Unrealized gains on derivative financial instruments		Revaluation of properties		Withholding tax on distributable profits		Intangible asset recognized		Future taxable income (Note a)		Others		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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
At 1st January	**(989)**	(404)	**(13,376)**	(1,933)	**(12,848)**	(10,870)	**(12,885)**	(20,670)	**–**	–	**(854)**	(1,190)	**(40,952)**	(35,067)
Exchange differences	**–**	–	**–**	–	**33**	(13)	**1,578**	(583)	**(358)**	–	**45**	(22)	**1,298**	(618)
Credited/(charged) to consolidated income statement	**(704)**	(585)	**(1,226)**	(1,395)	**(19)**	(1,965)	**7,726**	8,368	**(42,131)**	–	**261**	392	**(36,093)**	4,815
Charged to equity	**–**	–	**(1,127)**	(10,048)	**–**	–	**–**	–	**–**	–	**–**	(34)	**(1,127)**	(10,082)
At 31st December	**(1,693)**	(989)	**(15,729)**	(13,376)	**(12,834)**	(12,848)	**(3,581)**	(12,885)	**(42,489)**	–	**(548)**	(854)	**(76,874)**	(40,952)

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred income tax assets in respect of losses amounting to US$519,810,000 (2013: US$392,291,000) that can be carried forward against future taxable income. Losses amounting to US$347,820,000 (2013: US$235,480,000) expire from 2015 to 2023.

Deferred income tax liabilities have not been recognized for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries totaling US$518,132,000 at 31st December 2014 (2013: US$469,148,000). Such amounts are permanently reinvested.

Deferred income tax assets are recognized for temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable. As at 31st December 2013, the Group did not recognize deferred income tax assets in respect of temporary differences relating to accrued expenses that are tax-deductible in later years amounting to US$8,702,000. As at 31st December 2014, there was no unrecognized deferred income tax asset arising from temporary differences relating to accrued expenses.

Note:

(a) Upon a new tax ruling agreed with the tax authority in certain country, certain income of the Group will gradually be taxable in the future. A deferred tax liability amounting to US$42,131,000 is therefore charged to the consolidated income statement in 2014 for such taxable temporary difference. At the same time, deferred tax assets primarily arising from the deductible temporary differences on provisions and license fee payable and tax losses within the same tax jurisdiction have been credited correspondingly to the consolidated income statement to the extent that future reversal of temporary differences and realization of the related tax benefits through future taxable profit is probable.

32 PENSION OBLIGATIONS

The balance represented the Group's obligations in defined benefit plans for its employees in Taiwan and Europe in accordance with the relevant local regulations.

The Group's assets and liabilities of the defined benefit plans are held independently of the Group in separate trustee administered funds. The Group's major defined benefit plans are valued annually by qualified independent actuaries, Actuarial Consulting Co. Ltd and Mercer (Nederland) B.V., using the project unit credit method.

The amount recognized in the consolidated balance sheet is determined as follows:

	As at 31st December	
	2014	2013
	US$'000	US$'000
Present value of funded obligations	**45,473**	15,020
Fair value of plan assets	**(24,803)**	(4,399)
Effect of assets ceiling	**—**	76
	20,670	10,697
Present value of unfunded obligations	**3,374**	5,600
Liability in the consolidated balance sheet	**24,044**	16,297
Less: Current portion	**(2,778)**	—
Non-current portion	**21,266**	16,297

Current portion of pension obligations is included in 'other payables and accruals' in the consolidated balance sheet.

The amounts recognized in the consolidated income statement are as follows:

	2014	2013
	US$'000	US$'000
Current service cost	**913**	2,913
Interest cost	**674**	570
Interest income on plan assets	**(139)**	(83)
Past service cost and other cost	**(618)**	(1,578)
Total expenses, included in employee benefit expenses (Note 9)	**830**	1,822

32 PENSION OBLIGATIONS (CONTINUED)

Movements in the pension obligation over the year are as follows:

	Present value of obligations US$'000	Fair value of plan assets US$'000	Effect of asset ceiling US$'000	Total US$'000
At 1st January 2014	**20,620**	**(4,399)**	**76**	**16,297**
Current service cost	**913**	**—**	**—**	**913**
Interest expenses/(income)	**674**	**(139)**	**—**	**535**
Remeasurement arising from experience adjustment and changes in actuarial assumptions	**36,230**	**(24,017)**	**—**	**12,213**
Return on plan assets	**—**	**(28)**	**—**	**(28)**
Changes in asset ceiling	**—**	**—**	**(76)**	**(76)**
Exchange differences	**(4,880)**	**2,485**	**—**	**(2,395)**
Contributions:				
— Employers	**—**	**(2,818)**	**—**	**(2,818)**
— Plan participants	**102**	**—**	**—**	**102**
Benefit payments	**(4,387)**	**4,113**	**—**	**(274)**
Others	**(425)**	**—**	**—**	**(425)**
At 31st December 2014	**48,847**	**(24,803)**	**—**	**24,044**

Movements in the pension obligation over the year are as follows:

	Present value of obligations US$'000	Fair value of plan assets US$'000	Effect of asset ceiling US$'000	Total US$'000
At 1st January 2013	23,356	(4,146)	—	19,210
Current service cost	2,913	—	—	2,913
Interest expenses/(income)	570	(83)	—	487
Remeasurement arising from experience adjustment and changes in actuarial assumptions	(326)	—	—	(326)
Changes in asset ceiling	—	—	76	76
Exchange differences	343	(255)	—	88
Contributions:				
— Employers	(1,066)	(1,167)	—	(2,233)
— Plan participants	137	—	—	137
Benefit payments	(1,123)	1,252	—	129
Others	(4,184)	—	—	(4,184)
At 31st December 2013	20,620	(4,399)	76	16,297

Upon the remeasurement of pension obligation as at year end, amount of US$7,185,000 (2013: US$840,000), representing remeasurement loss on pension obligations of US$10,433,000 (2013: US$270,000 gain), net of deferred tax US$3,248,000 (2013: US$565,000) was recognized in other comprehensive income during the year.

32 PENSION OBLIGATIONS (CONTINUED)

The significant actuarial assumptions used are as follows:

	2014	2013
Discount rates	**1.90%–2.44%**	1.90%–6.08%
Salary growth rate	**3.03%–3.50%**	3.50%–5.34%

The sensitivity of the overall pension liability to changes in the weighted principal assumption is as follow:

For pension plan in Taiwan:

	Change in assumption	**Impact on defined benefit obligation** US$'000
Discount rates	+1%	(618)
	–1%	713
Salary growth rate	+1%	608
	–1%	(540)

For pension plan in Europe:

	Change in assumption	**Impact on defined benefit obligation** US$'000
Discount rates	+0.5%	(2,768)
	–0.5%	3,146
Salary growth rate	+0.5%	1,643
	–0.5%	(1,484)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognized within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

32 PENSION OBLIGATIONS (CONTINUED)

Plan assets comprised:

	2014		2013	
	US$'000	**%**	US$'000	%
Equities	**1,378**	**6%**	350	8%
Debt securities	**19,031**	**77%**	2,222	51%
Cash and deposits	**246**	**1%**	215	5%
Property	**3,071**	**12%**	224	5%
Others	**1,077**	**4%**	1,388	31%
	24,803	**100%**	4,399	100%

Expected contributions to the pension plans for the year ending 31st December 2015 will be US$3,054,000 (2014: US$1,003,000).

The weighted average duration of the defined benefit obligation is 14.5 years.

Expected maturity analysis of undiscounted pension:

	Less than 1 year	**Over 1 year**	**Total**
	US$'000	US$'000	US$'000
Pension benefits	2,140	83,050	85,190

33 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Non-current				
License fee payable	**70,240**	131,964	**–**	–
Contingent consideration payable (Note 41)	**4,928**	4,818	**–**	–
Redemption liability for written put option over shares in a subsidiary (Note 41)	**–**	2,065	**–**	–
Accrued employee benefits	**1,611**	2,844	**–**	–
Others	**–**	5,445	**–**	–
	76,779	147,136	**–**	–
Current				
Trade payables	**2,481,347**	2,370,521	**–**	–
Other payables and accruals				
– Accrued employee benefits	**110,861**	116,041	**–**	271
– Accrued operating expenses	**134,155**	165,216	**2,133**	3,213
– Duty and tax payable other than income tax	**77,420**	100,980	**–**	–
– License fee payable	**54,220**	86,580	**–**	–
– Payables under discounting arrangement	**520,565**	278,267	**–**	–
– Payables for purchase of property, plant and equipment	**114,621**	141,982	**–**	–
– Others	**330,178**	338,171	**–**	–
	3,823,367	3,597,758	**2,133**	3,484
Total	**3,900,146**	3,744,894	**2,133**	3,484

At 31st December 2014 and 2013, the ageing analysis of trade payables based on invoice date was as follows:

	Group	
	2014	2013
	US$'000	US$'000
0–30 days	**870,364**	905,709
31–60 days	**840,307**	725,006
61–90 days	**411,163**	361,309
Over 90 days	**359,513**	378,497
	2,481,347	2,370,521

34 PROVISIONS

	Group					
	2014			2013		
	Warranty provision	**Restructuring and other provisions**	**Total**	Warranty provision	Restructuring and other provisions	Total
	US$'000	**US$'000**	**US$'000**	US$'000	US$'000	US$'000
As at 1st January	**99,050**	**30,261**	**129,311**	94,464	40,468	134,932
Exchange differences	**(3,781)**	**(1,526)**	**(5,307)**	220	1,330	1,550
Charged to consolidated income statement (Note 8)	**183,602**	**14,741**	**198,343**	157,408	42,256	199,664
Utilized during the year	**(167,666)**	**(36,233)**	**(203,899)**	(153,042)	(53,793)	(206,835)
As at 31st December	**111,205**	**7,243**	**118,448**	99,050	30,261	129,311
Non-current liabilities	**—**	**2,418**	**2,418**	—	3,632	3,632
Current liabilities	**111,205**	**4,825**	**116,030**	99,050	26,629	125,679
Total	**111,205**	**7,243**	**118,448**	99,050	30,261	129,311

The Group gives warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily within an average period ranging from twelve months to thirty-six months. The provisions as at 31st December 2014 and 2013 have been made for expected warranty claims on products sold for which it is expected that the majority of this provision will be utilized in the next twelve months.

The restructuring provision primarily refers to restructuring projects put in place subsequent to the acquisition of 70% equity interest and the remaining 30% equity interest in TP Vision Group in 2012 and 2014 respectively, including the business model optimization plan whereby some of the European subsidiaries are restructured to become branches under a single billing entity. These restructuring programs were decided and announced before the respective year-end date. During the year ended 31st December 2014, restructuring costs of US$15,792,000 (2013: US$36,431,000) were provided for restructuring programs. An amount of US$36,075,000 (2013: US$51,758,000) was utilized in 2014. An amount of US$4,711,000 (2013: US$26,225,000) is expected to be utilized within the next twelve months.

35 DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2014		2013	
	Assets	**Liabilities**	Assets	Liabilities
	US$'000	**US$'000**	US$'000	US$'000
Foreign exchange forward and options contracts (Note a)	**131,157**	**(95,562)**	55,041	(69,484)
Cross currency interest rate swap (Note b)	**10,560**	**–**	385	(12,340)
	141,717	**(95,562)**	55,426	(81,824)
Less non-current portion:				
— Foreign exchange forward and options contracts (Note a)	**52,617**	**(42,307)**	11,753	(9,240)
— Cross currency interest rate swap (Note b)	**–**	**–**	–	(3,874)
Non-current portion	**52,617**	**(42,307)**	11,753	(13,114)
Current portion	**89,100**	**(53,255)**	43,673	(68,710)

Changes in fair values of derivative financial instruments are recorded in 'other (losses)/gains, net' in the consolidated income statement (Note 7).

35 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Foreign exchange forward and options contracts

The total notional principal amounts of the outstanding foreign exchange forward and options contracts as at 31st December 2014 and 2013 are as follows:

	Group	
	2014	2013
	US$'000	US$'000
Sell US dollar for Renminbi	**5,738,900**	3,386,604
Sell Renminbi for US dollar	**5,605,900**	3,213,604
Sell Euro for US dollar	**2,505,398**	528,039
Sell Brazilian real for US dollar	**186,537**	290,517
Sell Russian ruble for US dollar	**105,000**	77,000
Sell Indian rupee for US dollar	**81,000**	180,000
Sell Chilean peso for US dollar	**49,000**	17,000
Sell Peruvian nuevo sol for US dollar	**25,000**	9,000
Sell Mexican peso for US dollar	**24,000**	8,500
Sell Polish zloty for US dollar	**24,000**	40,000
Sell US dollar for Euro	**52,930**	—
Sell Polish zloty for Euro	**41,313**	60,279
Sell Swiss franc for Euro	**19,442**	20,558
Sell Czech Koruna for Euro	**14,581**	—
Sell British pound for Euro	**6,152**	10,251
Sell Russian ruble for Euro	**—**	44,404
Other currency pairs	**6,837**	66,606
Total	**14,485,990**	7,952,362

(b) Cross currency interest rate swap

The total notional principal amount of the outstanding cross currency interest rate swap as at 31st December 2014 was US$118,726,000 (2013: US$536,529,000) with quarterly exchange of EUR LIBOR and USD LIBOR interest.

36 PLEDGE OF ASSETS

As at 31st December 2014, the Group's bank deposits of US$3,961,000 (2013: US$5,591,000) was pledged as security primarily for banking facilities of the Group for which US$3,961,000 (2013: US$5,511,000) have been utilized. In case the Group defaults under the facility agreements, the banks have the right to seize the pledged bank deposits.

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of operating profit to net cash generated from operations

	2014 US$'000	2013 US$'000
Operating profit	**89,709**	1,520
Depreciation of property, plant and equipment	**151,387**	150,422
Amortization of land use rights	**1,596**	1,864
Amortization of intangible assets	**44,206**	62,328
Losses/(gains) on disposals of property, plant and equipment and land use rights — net (Note i)	**2,387**	(88,871)
Share options granted to a director and employees	**418**	1,172
Net unrealized exchange losses/(gains)	**15,632**	(21,452)
Fair value gains on revaluation of investment properties	**(4,103)**	(2,814)
Fair value losses on financial assets at fair value through profit or loss	**722**	1,007
Gains on disposals of financial assets at fair value through profit or loss	**(7,250)**	(646)
Impairment losses on available-for-sale financial assets	**—**	127
Transfer to profit or loss on impairment of available-for-sale financial assets	**—**	1,336
Impairment losses on property, plant and equipment	**2,307**	9,260
Impairment losses on trademarks and patents	**44,504**	44,833
Release of trademark license fee payable	**(44,925)**	(55,218)
Gains on remeasurement of contingent consideration payable and redemption liability for written put option in a subsidiary	**(11,626)**	(17,035)
Operating profit before working capital changes	**284,964**	87,833
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
— inventories	**(152,429)**	59,293
— trade receivables	**62,026**	30,950
— deposits, prepayments and other receivables	**(37,089)**	(11,196)
— trade payables	**121,078**	(146)
— provisions, other payables and accruals and pension obligations	**(112,460)**	(26,856)
Net cash generated from operations	**166,090**	139,878

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Note:

(i) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment and land use rights comprise:

	2014 US$'000	2013 US$'000
Net book amount of property, plant and equipment (Note 16)	**4,434**	36,420
Net book amount of land use rights (Note 17)	**1,524**	916
(Losses)/gains on disposal of property, plant and equipment and land use rights — net (Note 7)	**(2,387)**	88,871
Proceeds from disposal of property, plant and equipment and land use rights	**3,571**	126,207
Cash received from other receivables resulted from disposal in 2013	**32,304**	—
Other receivables recognized	**—**	(86,986)
Total proceeds from disposal of property, plant and equipment and land use rights	**35,875**	39,221

38 CORPORATE GUARANTEES

	Company	
	2014 US$'000	2013 US$'000
Guarantees in respect of facilities granted to subsidiaries	**2,094,304**	3,095,590
Guarantees in respect of trade payables granted to subsidiaries	**16,828**	—

39 CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the directors do not expect that the outcome in any of these legal proceedings will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. The directors are of opinion that these legal and other proceedings are sensitive and full disclosures are therefore not set out in accordance with HKAS 37.

(a) 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.

(b) 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.

(c) 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 I").

On 25th June 2014, the complaint was dismissed according to the Order by the district court judge. The case is currently on the appellate proceedings.

(d) In 2012 and 2013, 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 and 2014.

(e) 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.

39 CONTINGENT LIABILITIES (CONTINUED)

(f) In June 2014, the U.S. International Trade Commission instituted an investigation based on an amended complaint filed by a third party company against the Group and many other third party companies. The investigation concerns the alleged infringement of certain patents in respect of tuner technology by certain digital televisions ("Patent II").

On 27th February 2015, the Administrative Law Judge at the U.S. International Trade Commission found no violation of Section 337 on the Initial Determination.

(g) In June 2014, a third party company filed a complaint in the United States of America against the Group. The complaint concerns a dispute that arises as a result of a patent license agreement regarding digital televisions sold in the European countries.

(h) In December 2014, a third party company filed a complaint in Germany against the Group. The complaint concerns claims of damages related to alleged infringement of a patent in respect of LED technology by certain computer monitors ("Patent III").

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

(i) they had infringed Patent III by manufacturing, using, distributing, offering and importing monitors in Germany; and

(ii) as a consequence of the infringement, the plaintiff is entitled to compensation for damages.

40 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	Group	
	2014	2013
	US$'000	US$'000
Property, plant and equipment	**41,743**	50,589
Investment properties	**27,140**	—
Intangible assets	**2,500**	—
Investments	**—**	36,532
	71,383	87,121

As at 31st December 2014 and 2013, the Company did not have any significant capital commitments.

40 COMMITMENTS (CONTINUED)

(b) Operating lease commitments — Group as lessee

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

	Group	
	2014	2013
	US$'000	US$'000
Not later than one year	**20,899**	23,532
Later than one year and no later than five years	**33,829**	54,080
Later than five years	**15,237**	24,634
	69,965	102,246

As at 31st December 2014 and 2013, the Company did not have any significant commitments under operating leases.

(c) Operating lease commitments — Group as lessor

The Group leases various offices and warehouses under non-cancellable operating lease arrangements. The lease terms are between 1 and 16 years, and the majority of lease arrangements are renewable at the end of the lease period.

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

	Group	
	2014	2013
	US$'000	US$'000
No later than one year	**5,895**	2,437
Later than one year and no later than five years	**14,047**	5,558
Later than five years	**14,134**	15,639
	34,076	23,634

41 TRANSACTION WITH NON-CONTROLLING INTEREST

Acquisition of remaining 30% equity interest in TP Vision Group

On 1st April 2012, the Group completed the acquisition of a 70% equity interest in TP Vision Group, which engage in the development, design, production and sales of television sets mainly in Europe and South America, from Philips pursuant to the Sale and Purchase Agreement ("SPA") dated 1st November 2011. Philips retained the remaining 30% equity interest in TP Vision Group, and had the right to sell or transfer, partly or all, of this remaining 30% equity interest in TP Vision Group to the Group pursuant to the Shareholders' Agreement dated 1st April 2012.

On 30th May 2014, the Group completed the acquisition of the remaining 30% equity interest in TP Vision Group from Philips pursuant to SPA dated 25th March 2014.

As a result of the acquisition, TP Vision Group become an indirectly wholly-owned subsidiary of the Company, in which the Company owns and controls 100% of Philips' TV business (worldwide with the exception of PRC, India, the United States of America, Canada, Mexico and South America (however including Brazil and Argentina)) through TP Vision Group. TP Vision Group continues to be accounted for as a subsidiary of the Group and its financial results continue to be consolidated into and referred in the consolidated financial statements of the Group. The transaction is accounted for as transaction with non-controlling interest. Accordingly, the difference between the fair value of consideration payable and the carrying value of the non-controlling interest for the remaining 30% equity interest is recorded in equity.

The following table summarizes the effects on the equity attributable to owners of the Company arising from the acquisition of the remaining 30% equity interest in TP Vision Group:

	US$'000
Change in contingent consideration payable as a result of the acquisition of the remaining 30% equity interest in TP Vision Group	8,803
De-recognition of negative carrying value of non-controlling interest balance as of 30th May 2014	111,090
Extinguishment of redemption liability for written put option over shares in TP Vision Group	(2,255)
De-recognition of benefit on shareholder's loan payable to an ex-shareholder of TP Vision Group	9,874
Transaction costs	911
Net effect charged against equity attributable to owners of the Company	128,423

41 TRANSACTION WITH NON-CONTROLLING INTEREST (CONTINUED)

Acquisition of remaining 30% equity interest in TP Vision Group (Continued)

(a) Contingent consideration

Pursuant to the SPA, the contingent consideration for the remaining 30% equity interest in TP Vision Group is combined with the contingent consideration for the 70% equity interest in TP Vision Group that was acquired by the Group on 1st April 2012. Collectively, this combined contingent consideration for the 100% equity interest in TP Vision Group (the "New Deferred Purchase Price") was determined based on a formula of Average Proportional EBIT times a multiple of four, where Average Proportional EBIT equals to the amount derived from the following:

(i) 50% of the annual consolidated EBIT of TP Vision Group for financial years 2012 and 2013, each as reported in the audited consolidated annual accounts of TP Vision Group for these financial years,

plus

(ii) the total Proportional EBIT (Note a) for the period from (and including) the financial year 2014 to (and including) the year in which Philips exercises its right to receive the New Deferred Purchase Price (the "Last year"),

and the total amount of (i) plus (ii) to be divided by the number of years as of financial year ended 2012 to (and including) the Last year.

If the above calculation results in a negative number, then the contingent consideration is deemed to be zero.

As at 31st December 2014, the net present value of the contingent consideration, amounting to US$4,928,000, is included in the non-current 'other payables and accruals' (Note 33).

41 TRANSACTION WITH NON-CONTROLLING INTEREST (CONTINUED)

Acquisition of remaining 30% equity interest in TP Vision Group (Continued)

(a) Contingent consideration (Continued)

The Group has recognized the contingent consideration at fair value which is determined in accordance with the terms as stipulated in the SPA and the supplementary agreements and with reference to the expected post-acquisition performance of TP Vision Group and the Group. Judgement is applied to determine key assumptions (such as growth rate, margins and discount rate) adopted in the estimate of post-acquisition performance of TP Vision Group and the Group. Changes to key assumptions may impact the future payable amount. Contingent consideration shall be re-measured at fair value resulting from events or factors emerging after the acquisition date, with any resulting gain or loss recognized in the consolidated income statement.

Note:

(a) Proportional EBIT equals the total amount of:

(i) the total revenue of Philips-branded TVs manufactured and sold by the Group under the Trademark License Agreements ("TMLAs") divided by the total revenue of TVs manufactured and sold by the Group and multiplied by the combined adjusted operating profit or loss of the TVs segments, each as reported in the audited consolidated annual financial statement of the Group,

plus

(ii) the total revenue of Philips-branded TVs manufactured and sold by the Group under the TMLAs divided by the total consolidated revenue of the Group and multiplied by the unallocated income plus unallocated expenses, each as reported in the audited consolidated annual financial statements of the Group.

(b) Redemption liability for written put option over shares in TP Vision Group

At the time when the Group acquired the 70% equity interest in TP Vision Group on 1st April 2012, the Group granted Philips the right to sell and transfer all of its remaining 30% of its equity interest in TP Vision Group to the Group. This option was exercisable after 6 years of the completion of the 70% transaction, and was initially recorded as a non-current liability. As a result of the acquisition of remaining 30% equity interest, the Philips Put Option is extinguished and is included as part of the amount recognized in equity arising from transaction with the non-controlling interest.

(c) Trademark License Agreement

On 25th March 2014, Philips and TP Vision Group entered into the Supplemental TMLA to amend certain terms of the TMLA on 1st April 2012, pursuant to which the parties agree that the guaranteed minimum annual royalty to be reduced from EUR50 million (equivalent to approximately US$60.7 million as at 31st December 2014) to EUR40 million (equivalent to approximately US$48.6 million as at 31st December 2014) starting from 1st April 2014. The license fee payable is included in the 'other payables and accruals' (Note 33).

42 RELATED PARTY TRANSACTIONS

As at 31st December 2014, the major shareholders of the Company are CEC, Mitsui & Co., Ltd. ("Mitsui") and Innolux Corporation ("Innolux"), which owned 37.05%, 18.20% and 6.42% of the Company's issued shares respectively.

The Group is controlled by CEC, which indirectly owns 37.05% 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.

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 and sales of property, plant and equipment and land use rights and depositing and borrowing money.

(a) Significant transactions with related parties

During the years ended 31st December 2014 and 2013, 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:

	Group	
	2014	2013
	US$'000	US$'000
Sales of goods to associates	**335,193**	348,660
Sales of goods to CEC and its subsidiaries	**5,049**	2,893
Sales of goods to Innolux and its subsidiaries	**134**	108
Purchases of goods and services from associates (Note i)	**(200,608)**	(87,392)
Purchase of property, plant and equipment from an associate	**—**	(14,453)
Purchases of goods from CEC and its subsidiaries	**(183,710)**	(108,214)
Purchases of goods from Innolux and its subsidiaries	**(1,095,835)**	(785,454)
Rental income from associates	**2,140**	2,652
Rental income from a joint venture	**—**	51
Royalty paid to CEC and its subsidiaries	**(306)**	(187)
Capital investment with CEC and its subsidiaries (Note ii)	**22,757**	—
Emolument paid to the secondees from Mitsui and its subsidiaries	**—**	(194)

42 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant transactions with related parties (Continued)

The above information only presents the transactions with these companies for the period when they are categorized as related parties.

(i) Amount included the sub-contracting fee paid to Chi Lin Optoelectronics Co., Ltd and its subsidiaries (collectively, "Chi Lin"), an associate of the Group, for sub-contracting services provided. During the year the Group entered into the sub-contracting arrangement with Chi Lin, under which spare parts amounted to US$280,122,000 (2013: Nil) were transferred to Chi Lin for further processing and finished goods amounted to US$400,688,000 (2013: Nil) were purchased back from Chi Lin.

(ii) The amount represented the capital investment in Nanjing JV amounting to RMB140,000,000 as set out in Note 25.

(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:

	2014	2013
	US$'000	US$'000
Salaries and other short-term employee benefits	**3,843**	4,985
Termination benefits	**130**	—
Share-based payments	**92**	267
	4,065	5,252

42 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Year-end balances

	Group	
	2014	2013
	US$'000	US$'000
Receivables from associates (Note ii)	**133,924**	171,281
Receivables from substantial shareholders and their subsidiaries (Note ii)		
— CEC and its subsidiaries	**3,281**	5,474
— Innolux and its subsidiaries	**24**	36
	3,305	5,510
Payables to associates (Note iii)	**103,375**	88,599
Payables to substantial shareholders and their subsidiaries (Note iii)		
— CEC and its subsidiaries	**38,089**	15,565
— Mitsui and its subsidiaries	**—**	33
— Innolux and its subsidiaries	**102,319**	92,654
	140,408	108,252

	Company	
	2014	2013
	US$'000	US$'000
Receivables from subsidiaries	**865,238**	952,574

Notes:

(i) The above balances are presented only if the companies remained as related parties as at 31st December 2014.

(ii) Receivables from associates, joint venture and substantial shareholders were mainly presented in the consolidated balance sheet within 'trade receivables'. Provision of US$8,993,000 (2013: US$13,776,000) was made against a trade receivable from an associate as at 31st December 2014 (Note 24). The general credit term for the receivables is from 60 days to 120 days after the date of sales. The receivables are unsecured in nature and bear no interest.

(iii) Payables to associates and substantial shareholders were presented in the consolidated balance sheet within 'trade payables' and 'other payables and accruals'. The payables bear no interest with repayment date due within one year.

Five-year Financial Summary

	2014	2013	2012	2011	2010
	US$'000	US$'000	US$'000	US$'000	US$'000
Results					
Profit/(loss) attributable to owners of the Company	**41,808**	(47,246)	112,408	120,398	169,349
Assets and liabilities					
Total assets	**6,319,170**	6,258,694	6,448,500	5,256,703	5,127,132
Total liabilities	**(4,649,008)**	(4,560,664)	(4,551,376)	(3,430,625)	(3,333,948)
Net assets	**1,670,162**	1,698,030	1,897,124	1,826,078	1,793,184

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