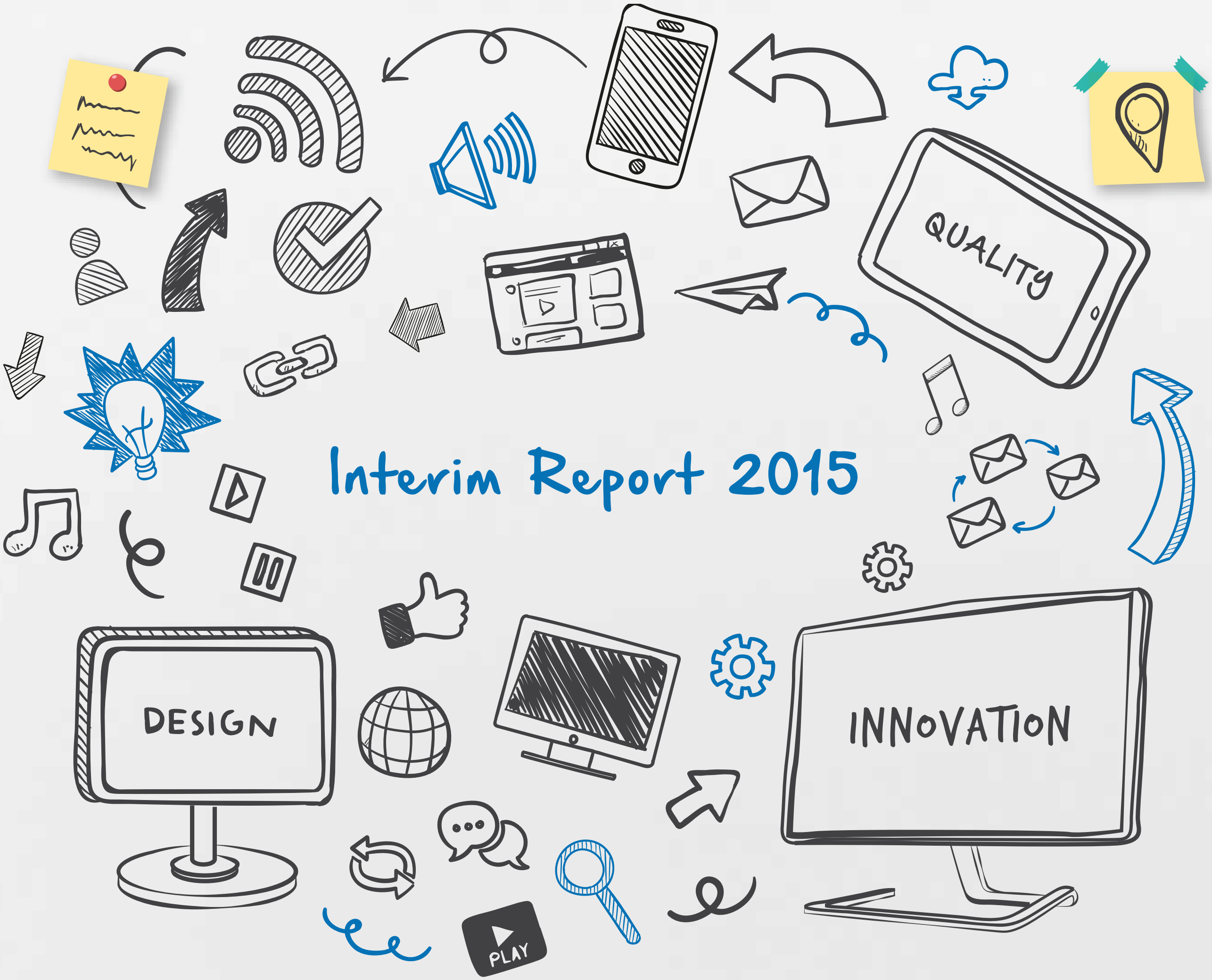
TPV TECHNOLOGY LIMITED 冠捷科技有限公司 (Incorporated in Bermuda with limited liability)

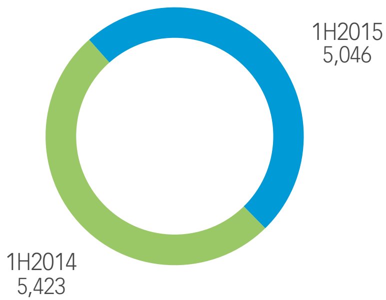
Interim Report 2015



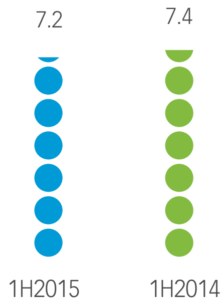
Contents

Financial Highlights

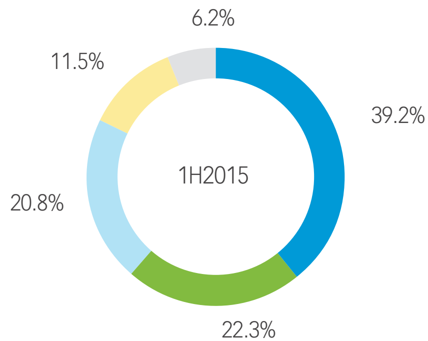
REVENUE
(US$ Million)



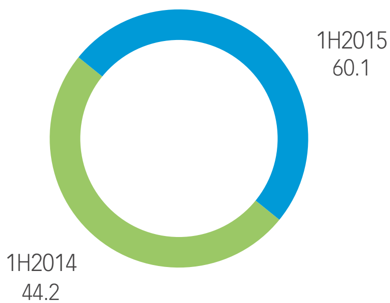
TVs
(Million Units)



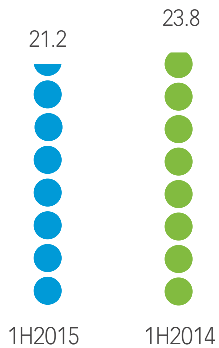
GEOGRAPHICAL CONTRIBUTION
(%)

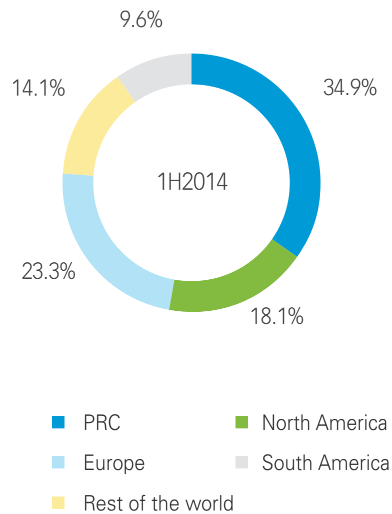


LOSS ATTRIBUTABLE TO EQUITY HOLDERS
(US$ Million)



MONITORS
(Million Units)





Business Review

Several developments in the first six months of 2015 affected the global economic environment and dampened consumer sentiment, such as a volatile currency market, geopolitical instability in Eastern Europe, a slump in oil prices, China's ebbing economic growth, the abrupt drop of the China stock market and the uncertainties associated with Greece's debt crisis.

After a dismal first quarter, the Group managed to trim its losses in the second. Revenue and shipment both increased sequentially, and profit was recorded at the operating level. Despite this, the Group's interim performance was adversely impacted by a sluggish economy hindered by the macro factors mentioned above. Overall, consolidated revenue was at US$5.05 billion, representing a drop of 6.9 percent year-on-year (1H2014: US$5.42 billion). Loss attributable to shareholders was US$60.1 million, compared to US$44.2 million a year ago. Gross profit ("GP") margin was suppressed by unfavourable exchange rates and declined to 7.1 percent (1H2014: 8.5 percent).

Global demand for TVs was weak in the first quarter and remained subdued in the second. Shipment for the first six months of 2015 was about the same as in the last corresponding period at 98.5 million sets (1H2014: 97.3 million sets), while shipment in the Group's core markets declined by approximately 7 percent. Moreover, delay in the launch of some new products due to supply constraint in chip sets further restrained the Group's shipment volume. These resulted in lower shipment at 7.2 million sets (1H2014: 7.4 million sets), or a decline of 2.7 percent compared to last year.

In addition, the average selling price ("ASP") of TV products also came down from last year's US$288.60 to this year's US$274.00 as revenue in most currencies could not keep pace with cost prices in a strengthening US Dollar. Accordingly, segment revenue decreased to US$1.98 billion (1H2014: US$2.19 billion) or 9.5 percent lower than last year. The unfavourable currency development also eroded profitability, with the GP margin declining to 7.2 percent (1H2014: 10.5 percent).

A bright spot in the TV segment was the encouraging sales of Philips TVs in China, which nearly doubled since last year, proving that the Group's online and offline distribution strategy was a step in the right direction.

In regard to the monitor segment, worldwide demand remained slack throughout the first six months of 2015, leading to an approximate 6 percent drop in global shipment volumes to 63.1 million units (1H2014: 66.8 million units). Despite the fact that the Group's shipment in the second quarter recorded a sequential increase of 11 percent, its shipment in the first six months of the year at 21.2 million units was still 11 percent behind the first half of last year (1H2014: 23.8 million units).

The decline in monitor shipment was compensated by a higher ASP, which rose to US$114.70 (1H2014: US$106.00), thanks to consumers' increasing preference for bigger screens and better features. As such, segment revenue only came down by 3.7 percent to US$2.43 billion (1H2014: US$2.52 billion), while the GP margin also held up nicely at 7.9 percent (1H2014: 8.2 percent).

Geographically, China continued to be the top revenue contributor in the first half of 2015, accounting for 39.2 percent of the total (1H2014: 34.9 percent). North America overtook Europe to become the second-largest market for the Group, taking up 22.3 percent of the total revenue (1H2014: 18.1 percent), while revenue from Europe declined by 16.7 percent in tandem with the region's sluggish demand and account for 20.8 percent of total (1H2014: 23.3 percent). Sales in South America and the rest of the world also came down due to both unfavourable currency movement and weak demand, contributing 6.2 percent (1H2014: 9.6 percent) and 11.5 percent (1H2014: 14.1 percent) of the total respectively.

Outlook

The first half of 2015 brought challenges to the global economy, which are expected to continue into the second half. Moreover, the slowdown of China economic growth and stagnating commodity prices will put further pressure on the exchange rates of many currencies against the US Dollar, particularly in developing countries, and dampen domestic consumption in these traditionally high growth markets.

For the LCD industry as a whole, the feeble end market demand for TVs and monitors in the last few months has led to excess inventories in channels and a softening in panel prices. This makes tight inventory management an imperative for the Group in the second half of 2015. On the bright side, China's booming Internet-TV space continues to present opportunities for TV original design manufacturers ("ODM") like TPV. The Group has signed on new customers that will be taking shipments in the second half year, bolstering performance and strengthening our position in the TV market.

Although overall demand in the monitor segment continues to be soft, there is hope that the October launch of Windows 10 in Europe will jumpstart the region's corporate and consumer markets. Also, business opportunities are abounding in public displays, education and other niche applications, offering the Group promising growth potential.

Liquidity, financial Resources and Capital Structure

As at 30th June 2015, the Group's cash and bank balances (including long-term bank deposits and pledged bank deposit) totaled US$470.1 million (31st December 2014: US$470.6 million). Credit facilities secured from banks totaled US$4.3 billion (31st December 2014: US$3.9 billion), of which US$2 billion was utilized (31st December 2014: US$1.4 billion).

All the Group's debts were borrowed on a floating-rate basis. The maturity profile of the Group's debt as at 30th June 2015 was as follows:

Duration	**30th June 2015 US$'000**	31st December 2014 US$'000
Within one year	**239,255**	255,457
Between one and five years	**401,667**	187,836
Wholly repayable within five years	**640,922**	443,293

The Group's gearing ratio, represented by the ratio of total borrowings and payable under discounting arrangement to total assets, for the reviewing period was 19.1 percent (31st December 2014: 15.3 percent).

Financial Risk Management

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

Foreign Exchange Risk

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.

Workforce

As at 30th June 2015, the Group had a total workforce of 30,997 (31st December 2014: 31,589) worldwide. Our employees were remunerated in accordance with industry practice in the locations where they worked. We maintain the belief that employees are the Group's most valuable assets. Acting on this belief, we made available various kinds of 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.

Directors' and Chief Executive's Interests

As at 30th June 2015, the interests of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO including interests and short positions in which they were taken or deemed to have under such provisions of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Exchange pursuant to Appendix 10 — Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Exchange (the "Listing Rules") were as follows:

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

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

Notes:

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

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

Save as disclosed above and in the paragraph headed "Share Option", as at 30th June 2015, 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 six months ended 30th June 2015 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 30th June 2015, the Group is controlled by China Electronics Corporation ("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 Shareholder's Interests

As at 30th June 2015, 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)
China Great Wall Computer Group Company	570,450,000 (Notes 1, 2)
Great Wall Technology Company Limited ("GWT")	570,450,000 (Notes 1, 2)
China Great Wall Computer Shenzhen Co., Ltd. ("CGCSZ")	570,450,000 (Notes 1, 2)
China Great Wall Computer (H.K.) Holding Limited ("CGCHK")	370,450,000 (Notes 1, 2)
China National Electronics Imp. & Exp. Corporation	251,958,647 (Notes 1, 2)
CEIEC (H.K.) Limited ("CEIEC HK")	251,958,647 (Notes 1, 2)
Mitsui & Co., Ltd. ("Mitsui")	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 China Great Wall Computer Group Company, which is a wholly-owned subsidiary of CEC. CEIEC HK is an indirect wholly-owned subsidiary of CEC.

(2) CEC, CEIEC HK and Mitsui are parties to a consortium agreement dated 28th January 2010 (the "Consortium Agreement") and to a shareholders' agreement dated 28th 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 5.74% by CMC.

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

Particulars of outstanding options under the Option Scheme at the beginning and at the end of the financial period for the six months ended 30th June 2015 and options exercised and lapsed during the period were as follows:

				Number of options			
	Date of grant	**Exercise Price HK$**	**Exercisable Period**	**As at 1st January 2015**	**Exercised**	**Lapsed**	**As at 30th June 2015**
Director							
Dr Hsuan, Jason	18/01/2011	5.008 (Note 1)	18/01/2012–17/01/2021	150,000	—	—	150,000
			18/01/2013–17/01/2021	150,000	—	—	150,000
			18/01/2014–17/01/2021	150,000	—	—	150,000
			18/01/2015–17/01/2021	150,000	—	—	150,000
Employees	18/01/2011	5.008 (Note 1)	18/01/2012–17/01/2021	8,292,500	—	(300,000)	7,992,500
			18/01/2013–17/01/2021	8,292,500	—	(300,000)	7,992,500
			18/01/2014–17/01/2021	8,292,500	—	(300,000)	7,992,500
			18/01/2015–17/01/2021	8,292,500	—	(300,000)	7,992,500
				33,770,000	—	(1,200,000)	32,570,000

Note:

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

Contingent Liabilities

Details of contingent liabilities was discussed in note 19 to the financial information.

Purchase, Sale and Redemption of Shares

During the six months ended 30th June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

Corporate Governance Code

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

During the six months period ended 30th June 2015, 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 and A.4.1 of the CG Code, the reasons for which are explained below.

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

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer should be 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 believes that these measures will ensure that independent non-executive directors continue to monitor the Group's management and review and provide recommendations on key issues relating to strategy, risk and integrity in an efficient manner. The Board continuously reviews the effectiveness of the Group's corporate governance structure, in order to assess whether any changes, including the separation of the roles of chairman and chief executive officer, are necessary.

Re-election of Directors

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

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

Model Code for Securities Transactions by Directors

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

Specific enquiries have been made with all the directors, who have confirmed that they complied with the required standards set out in the Model Code and in the Internal Rules during the six months ended 30th June 2015.

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

Audit Committee

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

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

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

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

Nomination Committee

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

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

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

Remuneration Committee

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

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

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

Investment Committee

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

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

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

Information Disclosure Committee

The Company has established the Information Disclosure Committee with specific written terms of reference.

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

The Information Disclosure Committee is chaired by Dr Hsuan, Jason, the chairman and chief executive officer of the Company. The other members include Ms Bi Xianghui and Mr Hideki Noda, 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.

Changes in Information of Directors

Pursuant to Rule 13.51(B) of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the 2014 Annual Report of the Company are set out below:

Ms Bi Xianghui was appointed as a non-executive director and a member of Information Disclosure Committee of the Company with effect from 20th August 2015.

Mr Du Heping resigned as a non-executive director and a member of Information Disclosure Committee of the Company with effect from 20th August 2015.

Mr Wong Chi Keung was appointed as an independent non-executive director, the chairman of the Audit Committee, a member of each of the Remuneration Committee and Nomination Committee of Fortunet e-Commerce Group Limited (formerly known as Changfeng Axle (China) Company Limited) with effect from 25th March 2015.

Dr Hsuan, Jason resigned as a non-executive director of Nanjing Panda Electronics Company Limited with effect from 30th June 2015.

Review of Interim Results

The unaudited condensed consolidated interim financial information for the six months ended 30th June 2015 have been reviewed by the Group's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has reviewed the interim results for the six months ended 30th June 2015.

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30th June 2015 (six months ended 30th June 2014: Nil).

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.

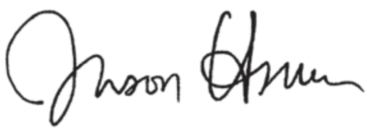
The management personnel responsible for investor relations hold regular meetings with the media, equity research analysts, fund managers and investors. The Company also holds presentations, road shows and conference calls for the international investment community from time to time.

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 at www.tpv-tech.com.

Board Composition

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

On behalf of the Board



Dr Hsuan, Jason
Chairman and Chief Executive Officer

Hong Kong, 20th August 2015

Condensed Consolidated Interim Income Statement

FOR THE SIX MONTHS ENDED 30TH JUNE 2015

	Note	Unaudited Six months ended 30th June 2015 US$'000	 2014 US$'000
Revenue	6	**5,045,943**	5,422,580
Cost of sales		**(4,688,292)**	(4,959,853)
Gross profit		**357,651**	462,727
Other income		**29,117**	30,351
Other gains/(losses) — net		**249**	(18,432)
Selling and distribution expenses		**(202,321)**	(259,456)
Administrative expenses		**(98,592)**	(99,391)
Research and development expenses		**(103,497)**	(151,109)
Operating loss	6 & 7	**(17,393)**	(35,310)
Finance income		**3,551**	3,241
Finance costs		**(27,673)**	(39,004)
Finance costs — net	8	**(24,122)**	(35,763)
Share of profits/(losses) of:			
Associates		**1,432**	3,440
Joint venture		**(3)**	28
Loss before income tax		**(40,086)**	(67,605)
Income tax expense	9	**(19,240)**	(24,447)
Loss for the period		**(59,326)**	(92,052)

Condensed Consolidated Interim Income Statement (Continued)

FOR THE SIX MONTHS ENDED 30TH JUNE 2015

	Note	Unaudited Six months ended 30th June **2015** **US$'000**	 2014 US$'000
(Loss)/profit attributable to:			
Owners of the Company		**(60,065)**	(44,225)
Non-controlling interests		**739**	(47,827)
		(59,326)	(92,052)
Loss per share attributable to owners of the Company			
— Basic and diluted	10	**(US2.56) cents**	(US1.89) cents
Dividends	11	**—**	—

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

Condensed Consolidated Interim Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30TH JUNE 2015

	Unaudited Six months ended 30th June	
	2015	2014
	US$'000	US$'000
Loss for the period	**(59,326)**	(92,052)
Other comprehensive income/(loss), net of tax		
Items that may be reclassified to profit or loss		
Fair value (losses)/gains on available-for-sale financial assets	**(5)**	357
Currency translation differences	**23,620**	(335)
Other comprehensive income for the period, net of tax	**23,615**	22
Total comprehensive loss for the period	**(35,711)**	(92,030)
Attributable to:		
— Owners of the Company	**(36,409)**	(41,402)
— Non-controlling interests	**698**	(50,628)
	(35,711)	(92,030)

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

Condensed Consolidated Interim Balance Sheet

AS AT 30TH JUNE 2015

	Note	**Unaudited 30th June 2015 US$'000**	Audited 31st December 2014 US$'000
Assets			
Non-current assets			
Intangible assets	12	**458,286**	440,041
Property, plant and equipment	12	**570,386**	604,668
Land use rights	12	**20,368**	20,565
Investment properties	12	**198,997**	188,087
Investments in associates		**63,294**	62,119
Investment in a joint venture		**1,349**	1,352
Derivative financial instruments		**74,798**	52,617
Available-for-sale financial assets		**6,142**	6,219
Financial assets at fair value through profit or loss	13	**22,543**	22,557
Deferred income tax assets		**79,063**	81,295
Prepayments and other assets	14	**94,666**	105,330
Long-term bank deposits		**31,683**	11,407
		1,621,575	1,596,257
Current assets			
Inventories		**1,631,684**	1,424,012
Trade receivables	14	**1,910,082**	2,128,705
Deposits, prepayments and other receivables	14	**422,451**	608,214
Financial assets at fair value through profit or loss	13	**1,588**	2,177
Current income tax recoverable		**9,608**	11,534
Derivative financial instruments		**57,104**	89,100
Pledged bank deposits		**3,555**	3,961
Cash and bank balances		**434,911**	455,210
		4,470,983	4,722,913
Total assets		**6,092,558**	6,319,170

Condensed Consolidated Interim Balance Sheet (Continued)

AS AT 30TH JUNE 2015

	Note	Unaudited 30th June 2015 US$'000	Audited 31st December 2014 US$'000
Equity			
Equity attributable to owners of the Company			
Share capital	15	**23,456**	23,456
Other reserves		**1,615,509**	1,651,892
Proposed final dividend		**—**	3,002
		1,638,965	1,678,350
Non-controlling interests		**(7,706)**	(8,188)
Total equity		**1,631,259**	1,670,162
Liabilities			
Non-current liabilities			
Borrowings and loans	16	**401,667**	187,836
Deferred income tax liabilities		**34,604**	26,246
Pension obligations		**20,292**	21,266
Other payables and accruals	17	**75,353**	76,779
Derivative financial instruments		**50,820**	42,307
Provisions	18	**2,554**	2,418
		585,290	356,852

Condensed Consolidated Interim Balance Sheet (Continued)

AS AT 30TH JUNE 2015

	Note	Unaudited 30th June 2015 US$'000	Audited 31st December 2014 US$'000
Current liabilities			
Trade payables	17	**2,197,444**	2,481,347
Other payables and accruals	17	**1,246,612**	1,342,020
Current income tax liabilities		**23,883**	44,047
Provisions	18	**114,536**	116,030
Derivative financial instruments		**54,279**	53,255
Borrowings and loans	16	**239,255**	255,457
		3,876,009	4,292,156
Total liabilities		**4,461,299**	4,649,008
Total equity and liabilities		**6,092,558**	6,319,170
Net current assets		**594,974**	430,757
Total assets less current liabilities		**2,216,549**	2,027,014

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

Condensed Consolidated Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30TH JUNE 2015

	Unaudited													
	Attributable to owners of the Company													
	Share capital	Share premium	Capital reserve	Share redemption reserve	Employee share-based com-pensation reserve	Exchange reserve	Reserve fund	Merger difference	Available-for-sale financial assets fair value reserve	Assets revaluation surplus	Other reserves	Retained profits	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$000	US$'000	US$'000	US$'000
							(Note (a))	(Note (b))			(Note (c))			
Balance as at 1st January 2015	23,456	759,464	68,202	12	19,925	(122,057)	96,174	10,001	479	41,387	(142,915)	924,222	(8,188)	1,670,162
Comprehensive (loss)/income														
(Loss)/profit for the period	—	—	—	—	—	—	—	—	—	—	—	(60,065)	739	(59,326)
Other comprehensive income/(loss) for the period, net of tax														
Fair value losses on available-for-sale financial assets	—	—	—	—	—	—	—	—	(5)	—	—	—	—	(5)
Currency translation differences														
— Group	—	—	—	—	—	23,918	—	—	—	—	—	—	(41)	23,877
— Associates and a joint venture	—	—	—	—	—	(257)	—	—	—	—	—	—	—	(257)
Other comprehensive income/(loss) for the period, net of tax	—	—	—	—	—	23,661	—	—	(5)	—	—	—	(41)	23,615
Total comprehensive income/(loss) for the period ended 30th June 2015	—	—	—	—	—	23,661	—	—	(5)	—	—	(60,065)	698	(35,711)
Total transactions with owners, recognized directly in equity														
Employee share option scheme:														
— Employee share-based compensation benefits	—	—	—	—	26	—	—	—	—	—	—	—	—	26
2014 final dividends paid	—	—	—	—	—	—	—	—	—	—	—	(3,002)	—	(3,002)
Dividend to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	(216)	(216)
Total transactions with owners, recognized directly in equity	—	—	—	—	26	—	—	—	—	—	—	(3,002)	(216)	(3,192)
Balance as at 30th June 2015	23,456	759,464	68,202	12	19,951	(98,396)	96,174	10,001	474	41,387	(142,915)	861,155	(7,706)	1,631,259

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

Condensed Consolidated Interim Statement of Changes in Equity (Continued)

FOR THE SIX MONTHS ENDED 30TH JUNE 2014

	Unaudited													
	Attributable to owners of the Company													
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Share redemption reserve US$'000	Employee share-based com-pensation reserve US$'000	Exchange reserve US$'000	Reserve fund US$'000 (Note (a))	Merger difference US$'000 (Note (b))	Available-for-sale financial assets fair value reserve US$'000	Assets revaluation surplus US$'000	Other reserves US$000 (Note (c))	Retained profits US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance as at 1st January 2014	23,456	759,464	68,202	12	19,507	(125,803)	90,656	10,001	—	38,004	(14,492)	898,119	(69,096)	1,698,030
Comprehensive loss														
Loss for the period	—	—	—	—	—	—	—	—	—	—	—	(44,225)	(47,827)	(92,052)
Other comprehensive income/(loss) for the period, net of tax														
Fair value gains on available-for-sale financial assets	—	—	—	—	—	—	—	—	357	—	—	—	—	357
Currency translation differences														
— Group	—	—	—	—	—	3,796	—	—	—	—	—	—	(2,801)	995
— Associates and a joint venture	—	—	—	—	—	(1,330)	—	—	—	—	—	—	—	(1,330)
Other comprehensive income/(loss) for the period, net of tax	—	—	—	—	—	2,466	—	—	357	—	—	—	(2,801)	22
Total comprehensive income/(loss) for the period ended 30th June 2014	—	—	—	—	—	2,466	—	—	357	—	—	(44,225)	(50,628)	(92,030)
Total transactions with owners, recognized directly in equity														
Employee share option scheme:														
— Employee share-based compensation benefits	—	—	—	—	173	—	—	—	—	—	—	—	—	173
2013 final dividends paid	—	—	—	—	—	—	—	—	—	—	—	(3,002)	—	(3,002)
Capital transaction with non-controlling interest	—	—	—	—	—	—	—	—	—	—	(128,423)	—	111,090	(17,333)
Total transactions with owners, recognized directly in equity	—	—	—	—	173	—	—	—	—	—	(128,423)	(3,002)	111,090	(20,162)
Balance as at 30th June 2014	23,456	759,464	68,202	12	19,680	(123,337)	90,656	10,001	357	38,004	(142,915)	850,892	(8,634)	1,585,838

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

Condensed Consolidated Interim Statement of Changes in Equity (Continued)

FOR THE SIX MONTHS ENDED 30TH JUNE 2015

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 PRC accounting standards. Should the accumulated total of this reserve fund reach 50% of the registered capital of the PRC subsidiaries, except for the TPV Technology (Suzhou) Company Limited whereas 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.

(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 reserves primarily arose from the acquisition of remaining 30% equity interest in TP Vision Holding B.V. and its subsidiaries (collectively "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.

Condensed Consolidated Interim Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30TH JUNE 2015

	Unaudited Six months ended 30th June 2015 US$'000	2014 US$'000
Cash flows from operating activities		
Net cash (used in)/generated from operations	**(97,312)**	62,029
Interest paid	**(18,696)**	(18,496)
Income tax paid	**(30,711)**	(13,975)
Net cash (used in)/generated from operating activities	**(146,719)**	29,558
Cash flows from investing activities		
Proceeds from disposals of property, plant and equipment and land use rights	**21,114**	17,466
Purchase of property, plant and equipment and investment property	**(76,646)**	(107,119)
Purchase of intangible assets	**(3,849)**	(15,205)
Proceeds from disposal/(purchase) of financial assets at fair value through profit or loss	**1,670**	(12,447)
Purchase of available-for-sale financial assets	**(313)**	(1,185)
Changes in short-term bank deposits	**(112)**	23,661
Inception of long-term bank deposits	**(20,276)**	—
Interest received	**3,551**	3,241
Net cash used in investing activities	**(74,861)**	(91,588)

Condensed Consolidated Interim Statement of Cash Flows (Continued)

FOR THE SIX MONTHS ENDED 30TH JUNE 2015

	Unaudited Six months ended 30th June	
	2015	2014
	US$'000	US$'000
Cash flows from financing activities		
Inception of long-term borrowings and loans	**243,996**	160,081
Repayment of long-term borrowings and loans	**(19,980)**	(4,883)
Net (repayment)/inception of short-term borrowings and loans	**(11,710)**	42,523
Net proceeds of payables under discounting arrangements	**1,899**	160,536
Repayment of notes payable	**—**	(83,244)
Changes in pledged bank deposits	**—**	1,153
Dividends paid to owners and non-controlling interests	**(3,218)**	(3,002)
Net cash generated from financing activities	**210,987**	273,164
Net (decrease)/increase in cash and cash equivalents	**(10,593)**	211,134
Cash and cash equivalents at beginning of the period	**445,208**	328,899
Exchange losses on cash and cash equivalents	**(9,818)**	(5,921)
Cash and cash equivalents at end of the period	**424,797**	534,112
Analysis of cash and bank balances:		
— Cash and cash equivalents	**424,797**	534,112
— Short-term bank deposits	**10,114**	12,000
Cash and bank balances as at end of the period	**434,911**	546,112

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

Notes to the Condensed Consolidated Interim Financial Information

1 General information

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

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

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

This condensed consolidated interim financial information is presented in US dollars, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the board of directors on 20th August 2015.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th June 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

For the six months ended 30th June 2015, the Group's loss and operating cash outflows amounted to US$59 million and US$147 million respectively, which was primarily contributed by TVs segment, whilst the Group's monitor segment continued to contribute adjusted operating profit of US$53 million (Note 6). Following consideration of the Group's net current assets position of US$595 million as at 30th June 2015 and cash flow projection, 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 information for the six months ended 30th June 2015 as appropriate.

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2014, as described in those annual financial statements.

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

(b) The following amendments to standards and annual improvements are mandatory for the first time for the financial year beginning 1st January 2015 and currently relevant to the Group:

Amendment to HKAS 19, "Employee benefits on defined benefit plans", this narrow scope amendment applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

"Annual improvements 2012", these amendments include changes from the 2010–2012 cycle of the annual improvements project that affect the below standards:

(i) HKFRS 2, "Share-based payment", the amendment clarifies the definition of a "vesting condition" and separately defines "performance condition" and "service condition".

(ii) HKFRS 3, "Business combinations" and consequential amendments to HKFRS 9, "Financial instruments", HKAS 37, "Provisions, contingent liabilities and contingent assets", and HKAS 39, "Financial instruments — Recognition and measurement", the standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in HKAS 32, "Financial instruments: Presentation". All non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognized in profit and loss.

(iii) HKFRS 8, "Operating segments", the standard is amended to require disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported.

3 Accounting policies (Continued)

(b) The following amendments to standards and annual improvements are mandatory for the first time for the financial year beginning 1st January 2015 and currently relevant to the Group: (Continued)

(iv) HKAS 16, "Property, plant and equipment" and HKAS 38, "Intangible assets", both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

(v) HKAS 24, "Related party disclosures", the reporting entity is not required to disclose the compensation paid by the management entity (as a related party) to the management entity's employee or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

"Annual improvements 2013", the amendments include changes from the 2011–2013 cycle of the annual improvements project that affect the below standards:

(i) HKFRS 3, "Business combinations", it clarifies that HKFRS 3 does not apply to the accounting for the formation of any joint arrangement under HKFRS 11 in the financial statements of the joint arrangement.

(ii) HKFRS 13, "Fair value measurement", it clarifies that the portfolio exception in HKFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of HKAS 39 or HKFRS 9.

(iii) HKAS 40, "Investment property", preparers also need to refer to the guidance in HKFRS 3 to determine whether the acquisition of an investment property is a business combination.

The Group has adopted these standards and the adoption of these standards did not have significant impacts on the Group's results and financial position.

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

3 Accounting policies (Continued)

(c) The following new standards, amendments to standards and annual improvement have been issued but are not effective for the financial year beginning 1st January 2015 and have not been early adopted by the Group:

	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 10 and HKAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	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 27, "Equity method in separate financial statements"	1st January 2016
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.

4 Estimates

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

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those that were applied to the consolidated financial statements for the year ended 31st December 2014.

5 Financial risk management

5.1 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 condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31st December 2014.

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

5.2 Liquidity risk

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

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed banking facilities (Note 16) 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 balance sheet date, the Group holds cash and bank balances of US$434,911,000 (31st December 2014: US$455,210,000), long-term bank deposits of US$31,683,000 (31st December 2014: US$11,407,000) and trade receivables of US$1,910,082,000 (31st December 2014: US$2,128,705,000) that are expected to easily generate cash inflows for managing liquidity risk. In addition, the Group holds listed equity securities for trading of US$1,588,000 (31st December 2014: US$2,177,000), which could be easily realized to provide a further source of cash if the needed.

5 Financial risk management (Continued)

5.3 Fair value estimation

The table below analyzes financial instruments carried at fair value 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).

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30th June 2015. Refer to Note 12 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	1,044	—	5,098	6,142
Financial assets at fair value through profit or loss	1,588	—	22,543	24,131
Derivative financial instruments	—	131,902	—	131,902
	2,632	131,902	27,641	162,175
Liabilities				
Derivative financial instruments	—	105,099	—	105,099
Other payable — contingent consideration payable	—	—	5,879	5,879
	—	105,099	5,879	110,978

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 31st December 2014. Refer to Note 12 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 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 Level 1, Level 2 and Level 3 fair value hierarchy classifications.

There were no significant changes in valuation techniques during the period.

5 Financial risk management (Continued)

5.4 Valuation techniques used to derive Level 2 fair values

Level 2 derivative financial instruments comprise foreign exchange forward contracts and options contracts. These foreign exchange forward contracts and options contracts have been stated at fair value using forward exchange rates at the reporting date, with resulting value discounted back to its present value. The effects of discounting are generally insignificant for Level 2 derivative financial instruments.

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

	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
Six months period 30th June 2015			
Opening balance	5,168	22,557	(4,928)
Additions	313	—	—
Gain on remeasurement of fair value	2	—	—
Unwinding of interests (Note 8)	—	—	(558)
Exchange differences	(385)	(14)	(393)
Closing balance	5,098	22,543	(5,879)

5 Financial risk management (Continued)

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

	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
Six months period 30th June 2014				
Opening balance	4,976	—	(4,818)	(2,065)
Additions	1,185	22,757	—	—
Disposals	(1,652)	—	—	—
Unwinding of interests (Note 8)	—	—	(638)	(176)
Transfer to other reserve upon transaction with non-controlling interest	—	—	(8,803)	2,255
Exchange differences	(594)	—	(31)	(14)
Closing balance	3,915	22,757	(14,290)	—

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 price for estimation of future project revenue).

(ii) The fair value measurement assumption of financial assets at fair value through profit or loss was set out in Note 13.

(iii) The valuation of contingent consideration payable primarily is based on the projected revenue of TP Vision Group and the adjusted operating profits of the Group's TVs segment. The key assumptions adopted in the long-term projections include 1%–10% 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 earning before interests and taxes, revenue or gross margin increased with all other variables held constant, the contingent consideration would have been increased.

5 Financial risk management (Continued)

5.6 Group's valuation processes

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

5.7 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 payables and accruals (excluding contingent consideration payable) as at 30th June 2015 approximate their carrying amounts due to their short maturities.

The fair values of the long-term bank deposits, borrowings and loans (including bank overdraft, bank borrowings and loans) as at 30th June 2015 approximate their carrying amounts as they bear interest at floating rates that are market dependent.

6 Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM"), 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 three main operating segments: (i) Monitors; (ii) TVs; and (iii) Others. Others mainly comprise the sales of spare parts, phones, tablets and all-in-one computers.

There are differences in the basis of reportable segments from the last annual financial statements. Given that TP Vision Group have become wholly owned by the Group following the acquisition of the remaining 30% equity interest in 2014, "TVs" segment and "TP Vision — TV" segment presented in 2014 financial statements have been combined into "TVs" segment. In addition, revenues from complete-knocked down ("CKD") and semi-knocked down ("SKD") operations that were previously included in "Others" segment have been reclassified into "Monitors" segment and "TVs" segment respectively depending on the product type. The comparative segment information for the six months ended 30th June 2014 and as at 31st December 2014 have been restated to align with the presentation of the current period's segment information disclosure.

6 Segment information (Continued)

The Group's CODM assesses the performance of the operating segments based on the 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 CODM.

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

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, long-term bank deposits, current income tax recoverable, pledged bank deposits, cash and bank balances and other unallocated assets, which are managed centrally.

The revenue reported to the CODM is measured in a manner consistent with that in the condensed consolidated interim income statement and is categorized according to the final destination of shipment.

The following tables present revenue and operating profit/(loss) information regarding the Group's reportable segments for the six months ended 30th June 2015 and 2014 respectively.

	For the six months ended 30th June 2015			
	Monitors	**TVs**	**Others**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Revenue	**2,429,776**	**1,980,098**	**636,069**	**5,045,943**
Adjusted operating profit/(loss)	**52,691**	**(81,553)**	**(537)**	**(29,399)**
Depreciation of property, plant and equipment	**(19,714)**	**(48,101)**	**(1,171)**	**(68,986)**
Amortization of land use rights	**—**	**—**	**(167)**	**(167)**
Amortization of intangible assets	**(3,022)**	**(7,319)**	**(1,251)**	**(11,592)**
Capital expenditure	**(43,797)**	**(28,659)**	**(8,455)**	**(80,911)**

6 Segment information (Continued)

	For the six months ended 30th June 2014 (restated)			
	Monitors US$'000	TVs US$'000	Others US$'000	Total US$'000
Revenue	2,523,774	2,188,217	710,589	5,422,580
Adjusted operating profit/(loss)	58,577	(95,780)	2,885	(34,318)
Depreciation of property, plant and equipment	(23,708)	(47,208)	(1,912)	(72,828)
Amortization of land use rights	—	—	(802)	(802)
Amortization of intangible assets	(2,496)	(19,086)	(661)	(22,243)
Restructuring costs	—	(28,650)	—	(28,650)
Release of trademark license fee payable	—	15,173	—	15,173
Capital expenditure	(18,746)	(45,245)	(1,023)	(65,014)

The following tables present segment assets as at 30th June 2015 and 31st December 2014 respectively.

	As at 30th June 2015			
	Monitors US$'000	**TVs US$'000**	**Others US$'000**	**Total US$'000**
Segment assets	**2,355,085**	**2,506,817**	**338,121**	**5,200,023**

	As at 31st December 2014 (restated)			
	Monitors US$'000	TVs US$'000	Others US$'000	Total US$'000
Segment assets	2,373,879	2,525,554	553,271	5,452,704

6 Segment information (Continued)

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

	Six months ended 30th June	
	2015	2014
	US$'000	US$'000
		(restated)
Adjusted operating loss for reportable segments	**(29,399)**	(34,318)
Unallocated income	**21,894**	11,303
Unallocated expenses	**(9,888)**	(12,295)
Operating loss	**(17,393)**	(35,310)
Finance income	**3,551**	3,241
Finance costs	**(27,673)**	(39,004)
Share of profits of associates	**1,432**	3,440
Share of (losses)/profits of a joint venture	**(3)**	28
Loss before income tax	**(40,086)**	(67,605)

6 Segment information (Continued)

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

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000
Segment assets	**5,200,023**	5,452,704
Investment properties	**198,997**	188,087
Investments in associates	**63,294**	62,119
Investment in a joint venture	**1,349**	1,352
Available-for-sale financial assets	**6,142**	6,219
Deferred income tax assets	**79,063**	81,295
Financial assets at fair value through profit or loss	**24,131**	24,734
Long-term bank deposits	**31,683**	11,407
Current income tax recoverable	**9,608**	11,534
Pledged bank deposits	**3,555**	3,961
Cash and bank balances	**434,911**	455,210
Other unallocated assets	**39,802**	20,548
Total assets	**6,092,558**	6,319,170

6 Segment information (Continued)

The analysis of revenue by geographical area is as follows:

	Six months ended 30th June 2015 US$'000	2014 US$'000
The PRC	**1,978,173**	1,890,511
Europe	**1,052,154**	1,262,865
North America	**1,123,622**	981,790
South America	**313,106**	520,215
Australia	**50,661**	44,399
Africa	**4,366**	9,237
Rest of the world	**523,861**	713,563
	5,045,943	5,422,580

For the six months ended 30th June 2015, revenues of approximately US$572,601,000 (for the six months ended 30th June 2014: US$580,716,000) 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:

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000 (restated)
The PRC	**670,947**	682,454
Europe	**116,061**	119,156
North America	**10,688**	10,974
South America	**67,675**	78,493
Rest of the world	**451,120**	431,080
	1,316,491	1,322,157

7 Operating loss

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

	Six months ended 30th June	
	2015	2014
	US$'000	US$'000
Brand promotion fee income	**—**	7,886
Release of trademark license fee payable	**—**	15,173
Gains/(losses) on disposal of property, plant and equipment (Note 12)	**985**	(17)
Net fair value gains on revaluation of investment properties (Note 12)	**5,426**	—
Gain on disposal of available-for-sale financial assets	**1,670**	4,034
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(636)**	2
Realized and unrealized gains/(losses) on foreign exchange forward and options contracts — net	**49,890**	(35,490)
Realized and unrealized gains on cross currency interest rate swaps — net	**11,040**	4,912
Net exchange losses	**(68,126)**	(7,046)
Employee benefit expenses (including directors' emoluments)	**(246,956)**	(300,554)
Operating lease rental for land, buildings and machinery	**(13,088)**	(17,678)
Amortization of intangible assets (Note 12)	**(11,592)**	(22,243)
Depreciation of property, plant and equipment (Note 12)	**(68,986)**	(72,828)
Impairment losses on property, plant and equipment (Note 12)	**—**	(751)
Amortization of land use rights (Note 12)	**(167)**	(802)
(Write-down)/reversal of inventories to net realizable value	**(6,749)**	15,651
Provision for impairment of trade receivables	**(1,458)**	(3,339)
Write off of value-added tax recoverable	**(3,073)**	—
Charge for warranty provision (Note 18)	**(102,163)**	(96,146)
Reversal of/(provision for) restructuring cost (Note 18)	**755**	(28,650)

8 Finance costs — net

	Six months ended 30th June 2015 US$'000	2014 US$'000
Interest expenses		
— Interest expense on bank borrowings and factoring arrangements	**(16,349)**	(13,387)
— Interest expense on loans	**(2,347)**	(4,261)
— Interest expense on notes payable	**—**	(848)
Unwinding of interests		
— Unwinding of interests on license fee payable	**(8,419)**	(17,718)
— Unwinding of interests on loans	**—**	(1,976)
— Unwinding of interests on contingent consideration payable	**(558)**	(638)
— Unwinding of interests on redemption liability	**—**	(176)
Finance costs	**(27,673)**	(39,004)
Interest income on cash at bank and bank deposits	**3,551**	3,241
Finance costs — net	**(24,122)**	(35,763)

9 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 six months ended 30th June 2015 (six months ended 30th June 2014: Nil).

Taxation on profits has been calculated on the estimated assessable profits/(losses) for the six months ended 30th June 2015 at the rates of taxation prevailing in the countries/places in which the Group operates. Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

The amount of taxation charged to the condensed consolidated interim income statement represents:

	Six months ended 30th June	
	2015	2014
	US$'000	US$'000
Current income tax — overseas taxation	**(12,316)**	(22,008)
Deferred income tax charge	**(6,924)**	(2,439)
Income tax expense	**(19,240)**	(24,447)

10 Loss per share

(a) Basic

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

	Six months ended 30th June	
	2015	2014
Loss attributable to owners of the Company (US$'000)	**(60,065)**	(44,225)
Weighted average number of ordinary shares in issue (thousands)	**2,345,636**	2,345,636
Basic loss per share (US cents per share)	**(2.56)**	(1.89)

(b) Diluted

Diluted 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 above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted loss per share for the six months ended 30th June 2015 and 2014 equal basic loss per share as the exercise of the outstanding share options would be anti-dilutive.

11 Dividends

The board of directors does not recommend the payment of interim dividend for the six months ended 30th June 2015 (Six months ended 30th June 2014: Nil).

12 Intangible Assets, Property, plant and equipment, land use rights and investment properties

	Intangible assets US$'000	Property, plant and equipment US$'000	Land use rights US$'000	Investment properties US$'000
Six months ended 30th June 2015				
Opening net book amount at 1st January 2015	**440,041**	**604,668**	**20,565**	**188,087**
Exchange differences	**(3,338)**	**(8,771)**	**(30)**	**—**
Additions	**33,175**	**47,736**	**—**	**5,484**
Disposals	**—**	**(4,261)**	**—**	**—**
Amortization/depreciation (Note 7)	**(11,592)**	**(68,986)**	**(167)**	**—**
Revaluation gains (Note 7)	**—**	**—**	**—**	**5,426**
Closing net book amount at 30th June 2015	**458,286**	**570,386**	**20,368**	**198,997**
Six months ended 30th June 2014				
Opening net book amount at 1st January 2014	531,131	655,102	63,091	101,019
Exchange differences	(921)	(908)	(1,424)	—
Additions	7,018	57,996	—	—
Reclassification	4	(4)	—	—
Disposals	—	(1,443)	—	—
Impairment (Note 7)	—	(751)	—	—
Amortization/depreciation (Note 7)	(22,243)	(72,828)	(802)	—
Closing net book amount at 30th June 2014	514,989	637,164	60,865	101,019

12 Intangible assets, property, plant and equipment, land use rights and investment properties (Continued)

Fair value using significant unobservable inputs (Level 3)

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000
Recurring fair value measurements		
Investment properties:		
— Industrial buildings — the PRC	**98,782**	98,782
— Industrial building — Poland	**8,381**	8,381
— Office and commercial building under construction — the PRC	**91,834**	80,924
	198,997	188,087

The valuation of industrial buildings in the PRC and Poland was determined using the sale comparison approach. Recent sale prices of comparable properties in physical close proximity near reporting date are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

The valuation of commercial building under construction in the PRC was determined based on residual approach, which largely uses 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 constructions incurred to complete the construction. An independent valuation was performed by the independent, professionally qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited to determine the fair value as at 30th June 2015.

Management performs the valuation of investment properties semi-annually. These valuation results are then reported to the board of directors for discussions and review in relation to the valuation processes and the reasonableness of the valuation results.

13 Financial assets at fair value through profit or loss

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000
Current		
Listed securities, at market value:		
— Equity securities — Taiwan	**1,588**	2,177
Non-current		
Unlisted securities:		
— Equity securities — The PRC (Note)	**22,543**	22,557
	24,131	24,734

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 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$2,817,854,000). TVI owns 0.8% equity interests and contributes RMB140,000,000 (approximately US$22,543,000) 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$22,543,000) 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 30th June 2015.

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.

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

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000
Non-current		
Prepayments	**3,811**	5,325
Other assets (Note a)	**60,480**	66,675
Other receivables	**30,375**	33,330
	94,666	105,330
Current		
Trade receivables	**1,933,480**	2,159,020
Less: provision for impairment of trade receivables	**(23,398)**	(30,315)
Trade receivables, net	**1,910,082**	2,128,705
Deposits	**5,234**	9,338
Prepayments	**35,831**	32,293
Other receivables		
— Value-added tax recoverable	**155,387**	248,196
— Others (Note b)	**225,999**	318,387
	422,451	608,214
Total	**2,427,199**	2,842,249

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

Notes:

(a) As at 30th June 2015, the non-current other assets of US$60,480,000 (31st December 2014: US$66,675,000) relate to cash placed in an escrow account for certain customer care obligations arising in TP Vision Group as set out in Trademark License Agreement between TP Vision Group and Koninklijke Philips N.V. ("Philips"). The receivable is classified as non-current as the related obligations fall due in more than one year.

(b) As at 30th June 2015, an amount of US$36,502,000 (31st December 2014: US$52,636,000) included in other receivables relates to the disposal of certain properties and land use rights in the PRC. This receivable is past due as a result of delay in the relocation process. The directors have assessed and considered the receivables to be fully recoverable upon completion of relocation, which is expected to be within twelve months from the balance sheet date.

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

The ageing analysis of gross trade receivables based on invoice date was as follows:

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000
0–30 days	**1,097,398**	871,277
31–60 days	**423,106**	770,688
61–90 days	**245,826**	310,626
91–120 days	**33,238**	61,239
Over 120 days	**133,912**	145,190
	1,933,480	2,159,020

Included in the trade receivables was an amount of US$74,486,000 (31st December 2014: US$57,794,000) overdue from certain 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. It also included an amount of US$9,975,000 (31st December 2014: US$11,150,000) overdue from a customer in Russia which the Group is recovering through credit insurance.

15 Share capital

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000
Authorized:		
4,000,000,000 (2014: 4,000,000,000) ordinary shares of US$0.01 each	**40,000**	40,000
Issued and fully paid:		
2,345,636,139 (2014: 2,345,636,139) ordinary shares of US$0.01 each	**23,456**	23,456

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

		Number of share options (thousands)				
Expiry date	**Exercise price in HK$ per share option**	**As at 1st January 2015**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**As at 30th June 2015**
17th January 2021	**HK$5.008**	**33,770**	**—**	**—**	**(1,200)**	**32,570**

For the six months ended 30th June 2015, 1,200,000 share options (six months ended 30th June 2014: 2,860,000) were lapsed as a result of the resignation of certain employees.

16 Borrowings and loans

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000
Non-current		
Loans (Note)	99,173	109,358
Bank borrowings	302,494	78,478
	401,667	187,836
Current		
Loans (Note)	—	147,026
Bank overdraft	11,940	20,716
Bank borrowings	227,315	87,715
	239,255	255,457
Total borrowings and loans	640,922	443,293

16 Borrowings and loans (Continued)

Movements in borrowings and loans are analyzed as follows:

	Six months ended 30th June	
	2015	2014
	US$'000	US$'000
As at 1st January	**443,293**	523,796
Inception of long-term borrowings and loans	**243,996**	160,081
De-recognition of benefit on shareholder's loan payable to an ex-shareholder of TP Vision Group	**—**	9,874
Unwinding interest on loans	**—**	1,976
Net (repayment)/inception of short-term borrowings and loans	**(11,710)**	42,523
Repayment of long-term borrowings and loans	**(19,980)**	(4,883)
Repayment of notes payable	**—**	(83,244)
Exchange differences	**(14,677)**	(2,217)
As at 30th June	**640,922**	647,906

Note:

Loans represent two tranches of term loans ("Term Loan") provided by Philips, the ex-shareholder of TP Vision Group. The Term Loan is unsecured, interest bearing at EURO LIBOR plus margin ranging from 1.8% to 2.7% per annum. As at 30th June 2015, loans amounting to EUR30,000,000 and EUR60,000,000 are repayable on 1st April 2017 and 30th May 2017 respectively. Loan amounting to EUR121,000,000 was repaid upon maturity on 1st April 2015.

As part of the acquisition of the remaining 30% equity interests of TP Vision Group on 30th May 2014, 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 Group has the following available and undrawn bank loan and trade finance facilities:

	As at 30th June 2015	As at 31st December 2014
	US$'000	US$'000
Total available and undrawn facilities	**2,271,500**	2,486,633

17 Trade payables, other payables and accruals

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000
Non-current		
License fee payable	**68,316**	70,240
Contingent consideration payable (Note)	**5,879**	4,928
Accrued employee benefits	**979**	1,611
Others	**179**	—
	75,353	76,779
Current		
Trade payables	**2,197,444**	2,481,347
Other payables and accruals		
— Accrued employee benefits	**93,424**	110,861
— Accrued operating expenses	**137,416**	134,155
— Duty and tax payable other than income tax	**50,683**	77,420
— License fee payable	**57,633**	54,220
— Payables under discounting arrangement	**522,464**	520,565
— Payables for purchase of property, plant and equipment	**91,195**	114,621
— Others	**293,797**	330,178
	1,246,612	1,342,020
Total	**3,519,409**	3,900,146

Note:

The Group has recognised the contingent consideration payable at the fair value which is determined in accordance with the terms as stipulated in the SPA and the supplementary agreements with reference to the projected revenue of TP Vision Group and the adjusted operating profits of Group's TVs segment. The contingent consideration payable shall be re-measured at fair value resulting from events of factors emerging after the acquisition date, with any resulting gain or loss recognised in the condensed consolidated income statement.

17 Trade payables, other payables and accruals (Continued)

The ageing analysis of trade payables based on invoice date was as follows:

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000
0–30 days	**926,564**	870,364
31–60 days	**646,864**	840,307
61–90 days	**345,324**	411,163
Over 90 days	**278,692**	359,513
	2,197,444	2,481,347

18 Provisions

	Six months ended 30th June					
	2015			2014		
	Warranty provision US$'000	**Restructuring and other provisions US$'000**	**Total US$'000**	Warranty provision US$'000	Restructuring and other provisions US$'000	Total US$'000
As at 1st January	**111,205**	**7,243**	**118,448**	99,050	30,261	129,311
Exchange differences	**(5,403)**	**(361)**	**(5,764)**	(211)	(365)	(576)
Charged/(credited) to the income statement (Note 7)	**102,163**	**(590)**	**101,573**	96,146	28,942	125,088
Utilized during the period	**(94,979)**	**(2,188)**	**(97,167)**	(79,557)	(27,926)	(107,483)
As at 30th June	**112,986**	**4,104**	**117,090**	115,428	30,912	146,340

18 Provisions (Continued)

Analysis of warranty and other provisions:

	As at 30th June 2015			As at 31st December 2014		
	Warranty provision US$'000	Restructuring and other provisions US$'000	Total US$'000	Warranty provision US$'000	Restructuring and other provisions US$'000	Total US$'000
Non-current liabilities	—	2,554	2,554	—	2,418	2,418
Current liabilities	112,986	1,550	114,536	111,205	4,825	116,030
Total	112,986	4,104	117,090	111,205	7,243	118,448

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 30th June 2015 and 31st December 2014 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 respective year-end date. During the six months ended 30th June 2015, restructuring costs of US$755,000 were reversed (six months ended 30th June 2014: US$28,650,000 were provided) for restructuring programs. An amount of US$2,183,000 (six months ended 30th June 2014: US$27,814,000) was utilized in the period. An amount of US$1,393,000 (as at 31st December 2014: US$4,711,000) is expected to be utilized within the next twelve months.

19 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 the Group's financial position or results of operations, litigation is inherently unpredictable. The directors are of the opinion that these legal and other proceedings are sensitive and disclosures are therefore not set out in full.

(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 17th July, 2015, the United States Court of Appeals for the Federal Circuit ("Federal Circuit") affirmed the district court's decision.

(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.

(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.

19 Contingent liabilities (Continued)

(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 November 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.

(i) In December 2014, a third party company filed a complaint in the United States of America against the Group and one of its associated companies. The complaint concerns claims of damages related to alleged infringement of certain patents in respect of technology of the manufacture of certain televisions and monitors ("Patent IV").

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

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

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

20 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000
Property, plant and equipment and other non-current assets	**34,040**	44,243
Investment properties	**19,912**	27,140
	53,952	71,383

(b) Operating lease commitments — Group as lessee

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

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000
No later than one year	**16,374**	20,899
Later than one year and no later than five years	**28,371**	33,829
Later than five years	**14,364**	15,237
	59,109	69,965

20 Commitments (Continued)

(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 15 years, and the majority of lease arrangements are renewable at the end of the lease period.

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

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000
No later than one year	**8,193**	5,895
Later than one year and no later than five years	**16,769**	14,047
Later than five years	**12,553**	14,134
	37,515	34,076

21 Related party transactions

As at 30th June 2015, the major shareholders of the Company are CEC, Mitsui and 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 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.

21 Related party transactions (Continued)

(a) Significant transactions with related parties

During the six months ended 30th June 2015 and 2014, the Group had the following significant transactions with its associates and its substantial shareholders, CEC 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 are summarized as follows:

	Six months ended 30th June	
	2015	2014
	US$'000	US$'000
Sales of goods to associates	**173,349**	164,045
Sales of goods to CEC and its subsidiaries	**2,764**	1,465
Sales of goods to Innolux and its subsidiaries	**—**	73
Purchases of goods and services from associates (Note (i))	**(84,678)**	(99,887)
Purchase of goods from CEC and its subsidiaries	**(103,365)**	(61,237)
Purchases of goods from Innolux and its subsidiaries	**(385,876)**	(485,286)
Rental income from associates	**379**	1,085
Royalty paid to CEC and its subsidiaries	**(146)**	(140)
Capital investment with CEC and its subsidiaries (Note (ii))	**—**	22,757
Reimbursement of warranty cost from an associate	**2,176**	—

Notes:

(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 period, the Group entered into the sub-contracting arrangement with Chi Lin, under which spare parts amounted to US$196,189,000 (2014: US$139,822,000) were transferred to Chi Lin for further processing and finished goods amounted to US$212,102,000 (2014: US$201,989,000) were purchased back from Chi Lin.

(ii) The amount represented the capital investment in Nanjing JV amounting to Nil (2014: US$22,543,000) as set out in Note 13.

21 Related party transactions (Continued)

(b) Key management compensation

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

	Six months ended 30th June	
	2015	2014
	US$'000	US$'000
Salaries and other short-term employee benefits	**895**	1,148
Share-based payments	**3**	60
	898	1,208

21 Related party transactions (Continued)

(c) Period/year-end balances

	As at 30th June 2015 US$'000	As at 31st December 2014 US$'000
Receivables from associates (Note (i))	**157,345**	133,924
Receivables from substantial shareholders and their subsidiaries (Note (i))		
— Innolux and its subsidiaries	**—**	24
— CEC and its subsidiaries	**1,607**	3,281
	1,607	3,305
Payables to associates (Note (ii))	**130,451**	103,375
Payables to substantial shareholders and their subsidiaries (Note (ii))		
— CEC and its subsidiaries	**29,310**	38,089
— Innolux and its subsidiaries	**69,698**	102,319
	99,008	140,408

Notes:

(i) Receivables from associates and substantial shareholders were mainly presented in the condensed consolidated interim balance sheet within "trade receivables" and "deposits, prepayments and other receivables".

(ii) Payables to associates and substantial shareholders were mainly presented in the condensed consolidated interim balance sheet within "trade payables" and "other payables and accruals".

22 Seasonality of operations

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