TPV TECHNOLOGY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 903)

UNAUDITED QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

QUARTERLY RESULTS

The board of directors (the "Board") of TPV Technology Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries ("TPV" or the "Group") for the three months ended 30 September 2015, and the unaudited condensed consolidated results for the nine months ended 30 September 2015 together with the comparative figures for the previous period as follows:

		Unaudited Three months ended 30 September		**Unaudited Nine months ended 30 September**	
		2015	2014 As restated *(Note 1)*	**2015**	2014 As restated *(Note 1)*
	Note	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Revenue		**2,799,610**	3,076,421	**7,910,357**	8,613,297
Cost of sales		**(2,554,213)**	(2,807,493)	**(7,294,291)**	(7,859,128)
Gross profit		**245,397**	268,928	**616,066**	754,169
Other income		**11,562**	34,838	**43,273**	65,557
Other losses — net		**(45,235)**	(11,212)	**(46,022)**	(31,142)
Selling and distribution expenses		**(112,439)**	(137,382)	**(322,682)**	(408,859)
Administrative expenses		**(47,304)**	(75,550)	**(149,543)**	(179,174)
Research and development expenses		**(53,297)**	(65,385)	**(161,567)**	(221,820)
Operating (loss)/profit		**(1,316)**	14,237	**(20,475)**	(21,269)
Finance income		**1,814**	3,145	**5,492**	6,691
Finance costs		**(14,603)**	(16,885)	**(43,771)**	(58,108)
Finance costs — net		**(12,789)**	(13,740)	**(38,279)**	(51,417)
Share of profits of associates and joint ventures		**2,926**	608	**4,355**	4,077
(Loss)/profit before income tax		**(11,179)**	1,105	**(54,399)**	(68,609)
Income tax expense	2	**(16,914)**	(14,906)	**(36,154)**	(39,353)
Loss for the period		**(28,093)**	(13,801)	**(90,553)**	(107,962)

	Note	Unaudited Three months ended 30 September **2015** US$'000	2014 As restated (Note 1) US$'000	Unaudited Nine months ended 30 September **2015** US$'000	2014 As restated (Note 1) US$'000
(Loss)/profit attributable to:					
Owners of the Company		**(26,826)**	(13,887)	**(90,025)**	(60,221)
Non-controlling interests		**(1,267)**	86	**(528)**	(47,741)
		(28,093)	(13,801)	**(90,553)**	(107,962)
Loss per share attributable to owners of the Company	3				
— Basic and diluted		**(US1.14 cents)**	(US0.59 cent)	**(US3.84 cents)**	(US2.57 cents)
Dividends	4	**—**	—	**—**	—

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited 30 September 2015	Unaudited 31 December 2014 As restated *(Note 1)*
	US$'000	*US$'000*
Assets		
Non-current assets		
Intangible assets	**447,854**	444,765
Property, plant and equipment	**545,430**	609,743
Land use rights	**20,046**	20,565
Investment properties	**198,377**	188,087
Investments in associates	**64,709**	62,119
Investments in joint ventures	**1,349**	1,352
Derivative financial instruments	**76,084**	52,617
Available-for-sale financial assets	**5,713**	6,219
Deferred income tax assets	**76,260**	84,338
Prepayments and other receivables	**108,327**	106,066
Financial assets at fair value through profit or loss	**22,032**	22,557
Long-term bank deposits	**41,362**	11,407
	1,607,543	1,609,835
Current assets		
Inventories	**1,748,568**	1,443,442
Trade receivables	**1,931,134**	2,156,685
Deposits, prepayments and other receivables	**339,059**	623,696
Financial assets at fair value through profit or loss	**1,588**	2,177
Current income tax recoverable	**7,363**	11,534
Derivative financial instruments	**113,345**	89,050
Pledged bank deposits	**3,771**	5,291
Cash and cash equivalents	**585,785**	500,765
	4,730,613	4,832,640
Total assets	**6,338,156**	6,442,475
Equity		
Equity attributable to owners of the Company		
Share capital	**23,456**	23,456
Other reserves	**1,541,326**	1,649,877
Dividends	**—**	—
	1,564,782	1,673,333
Non-controlling interests	**8,810**	(8,188)
Total equity	**1,573,592**	1,665,145

	Unaudited 30 September 2015 US$'000	Unaudited 31 December 2014 As restated *(Note 1)* US$'000
Liabilities		
Non-current liabilities		
Borrowings and loans	**415,099**	187,836
Deferred income tax liabilities	**35,956**	26,246
Pension obligations	**20,588**	21,266
Other payables and accruals	**76,648**	77,817
Derivative financial instruments	**53,294**	42,307
Provisions	**2,581**	2,418
	604,166	357,890
Current liabilities		
Trade payables	**2,366,084**	2,519,209
Other payables and accruals	**1,269,282**	1,378,450
Current income tax liabilities	**22,424**	44,077
Provisions	**137,090**	123,767
Derivative financial instruments	**101,502**	53,253
Borrowings and loans	**264,016**	300,684
	4,160,398	4,419,440
Total liabilities	**4,764,564**	4,777,330
Total equity and liabilities	**6,338,156**	6,442,475
Net current assets	**570,215**	413,200
Total assets less current liabilities	**2,177,758**	2,023,035

Notes:

1. **Acquisition of Shenzhen Sang Fei Consumer Communications Co., Ltd ("Sang Fei") and merger accounting restatement**

   Reference is made to the announcement of the Company dated 5 June 2015. On the same date, the Group entered into a Sales and Purchase Agreement with certain subsidiaries of China Electronics Corporation ("CEC"), ultimate controlling party of the Group, to acquire the entire issued shares of Sang Fei, a mobile communication manufacturer, at a consideration of RMB45 million. The acquisition was completed on 31 August 2015. An independent auditor has been appointed to prepare the completion accounts and determine the net asset value of Sang Fei at Completion, based on which the post-Completion adjustments will be made.

   The acquisition of Sang Fei is considered as a business combination involving entities under common control and has been accounted for using merger accounting method, in accordance with the guidance set out in Accounting Guideline 5 'Merger accounting for common control combinations' issued by HKICPA.

   The unaudited condensed consolidated results incorporate the results of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The comparative amounts in the unaudited condensed consolidated results are presented as if those entities or businesses had been combined at the previous reporting date or when they first came under common control, whichever is shorter.

   The results of current period and the restatement of comparative information are based on the unaudited management accounts of the Group, which have not been confirmed or audited by the auditors of the Company. The financial information of Sang Fei is still subject to possible amendments, as the completion audit of Sang Fei is in progress.

2. **Income tax expense**

   No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit generated in Hong Kong for the period (three months ended 30 September 2014: Nil).

   Taxation on profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries/places in which the Group operates.

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

	Three months ended 30 September	
	2015	2014 As restated *(Note 1)*
	US$'000	*US$'000*
Current income tax — overseas taxation	**5,019**	9,946
Deferred income tax charge	**11,895**	4,960
Income tax expense	**16,914**	14,906

3. 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.

	Three months ended 30 September 2015	2014 As restated *(Note 1)*
Loss attributable to owners of the Company *(US$'000)*	**(26,826)**	(13,887)
Weighted average number of ordinary shares in issue *(thousands)*	**2,345,636**	2,345,636
Basic loss per share *(US cents per share)*	**(1.14)**	(0.59)

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

	Three months ended 30 September 2015	2014 As restated *(Note 1)*
Diluted loss per share *(US cents per share)*	**(1.14)**	(0.59)

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

4. Dividends

The Board does not recommend the payment of an interim dividend for the three months ended 30 September 2015 (three months ended 30 September 2014: Nil).

BUSINESS REVIEW

The global economy entered another period of turbulence from the third quarter of this year, with business activity in many parts of the world — notably Europe and China — falling well below expectations. Moreover, the downturn of the Chinese stock market and the devaluation of the Renminbi in August aggravated the situation. Against such an economic backdrop, global TV shipments experienced a standstill at around 57 million units for the quarter, the same as last year. Shipments of PCs, and that segment's peripheral products, continued their secular decline.

The Group's results in the third quarter were affected by lacklustre end market demand for TVs and monitors as well as unfavourable currency movements. Consolidated revenue came in at US$2.80 billion, a 9 percent year-on-year drop (3Q2014: US$3.08 billion). Although gross profit ("GP") margin maintained at 8.8 percent (3Q2014: 8.7 percent), the loss of US$50 million in foreign exchanges, largely attributable to Brazilian Real and RMB's depreciation, meant TPV barely broke even at operating level and recorded a loss attributable to shareholders of US$27 million.

Shipments and revenues in the TV segment for the period under review were comparable to the figures for the same quarter in 2014. Shipments stood at 4.7 million sets, as against 4.9 million sets a year ago. Revenue held steady at US$1.29 billion (3Q2014: US$1.29 billion) with the average selling price ("ASP") rising to US$271.60 (3Q2014: US$264.50). Nevertheless, the GP margin came down to 9.2 percent (3Q2014: 11.9 percent), with the drop mainly attributable to slower stock rotation and currency impacts.

On a brighter note, the Group is encouraged by significant growth in its business in China, both in terms of sales and profitability across its ODM and own brand segments. Shipments of Philips TVs in China achieved an impressive 140 percent year-on-year increase during the quarter, with the brand well on its way to recording its first ever profitable year in TPV's hands.

As for the monitor segment, the PC market remained weak during the quarter despite the launches of new operating systems and products. In sync with market trends, shipments were 12 percent lower than in the same quarter last year, at 11.2 million units (3Q2014: 12.7 million units). Segment revenue fell 8.5 percent year-on-year to US$1.24 billion (3Q2014: US$1.36 billion) as ASP rose to US$111.40 (3Q2014: US$107.00). Moreover, the segment's GP margin held up nicely at 9 percent (3Q2014: 7.9 percent), contributing positively to margins at both gross and operating levels.

Geographically, China remained the Group's largest revenue contributor, accounting for 38.9 percent (3Q2014: 33.7 percent). This was followed by North America, which contributed 23.6 percent (3Q2014: 20.8 percent) of the total. Revenue from Europe declined by 23 percent owing to the continent's stagnant economy to take up 22 percent (3Q2014: 26.1 percent) of the total. Sales from South America and the rest of the world contributed 7 percent (3Q2014: 7.6 percent) and 8.5 percent (3Q2014: 11.8 percent), respectively.

The acquisition of Sang Fei, a mobile communication manufacturer, was completed on 31 August 2015. Pursuant to the share purchase agreement, Sang Fei is now undergoing a closing audit, subject to which there will be a price adjustment based on the difference of Sang Fei's net asset value as of the closing date, with the agreed value based on the reference accounts as at 31 August 2014. Please refer to the Group's announcement dated 5 June 2015 for full details.

OUTLOOK

The outlook for the macro economy remains uncertain as many governments around the globe have signalled their intents to further relax monetary policies in order to boost economic growth and encourage consumption. The operating environment is anticipated to be just as challenging as it has proven to be in the third quarter.

Nevertheless, in view of the coming holiday season, which represents the peak selling period in many parts of the globe, the Group is anticipating a robust fourth quarter. This will bring stronger sell-through and price realisation, enhancing the Group's financial performance in the final quarter of the year.

On behalf of the Board
Dr Hsuan, Jason
Chairman and Chief Executive Officer

Hong Kong, 19 November 2015

As at the date of this announcement, the Board 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.