TPV TECHNOLOGY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 903)

ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2017

FINANCIAL RESULTS

The board of directors (the "Board") of TPV Technology Limited (the "Company") announces the consolidated results of the Company and its subsidiaries ("TPV" or the "Group") for the year ended 31st December 2017 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2017

	Note	**2017** *US$'000*	2016 *US$'000*
Revenue	*3*	**9,584,710**	9,808,337
Cost of sales		**(8,801,254)**	(8,960,719)
Gross profit		**783,456**	847,618
Other income	*4*	**57,415**	58,443
Other losses, net	*5*	**(38,431)**	(20,585)
Selling and distribution expenses		**(398,202)**	(372,429)
Administrative expenses		**(222,909)**	(187,616)
Research and development expenses		**(179,504)**	(200,727)
Operating profit	*6*	**1,825**	124,704
Finance income	*7*	**4,647**	6,905
Finance costs	*7*	**(38,898)**	(36,937)
Finance costs, net	*7*	**(34,251)**	(30,032)

	Note	2017 US$'000	2016 US$'000
Share of (losses)/profits of:			
— Associates		**(4,501)**	6,652
— Joint venture		**—**	(2)
(Loss)/profit before income tax		**(36,927)**	101,322
Income tax expenses	*8*	**(20,863)**	(57,575)
(Loss)/profit for the year		**(57,790)**	43,747
(Loss)/profit attributable to:			
Owners of the Company		**(50,614)**	38,523
Non-controlling interests		**(7,176)**	5,224
		(57,790)	43,747
(Loss)/earnings per share attributable to owners of the Company			
— Basic and diluted	*9*	**(US2.16) cents**	US1.64 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2017

	2017	2016
	US$'000	*US$'000*
(Loss)/profit for the year	**(57,790)**	43,747
Other comprehensive (loss)/income, net of tax		
Items that may be reclassified to profit or loss		
Fair value gains on available-for-sale financial assets	**279**	189
Currency translation differences		
— Group	**(58,884)**	13,892
— Associates and a joint venture	**3,197**	(3,475)
Release of exchange reserve to profit or loss upon disposal/closure of		
— Subsidiaries	**183**	623
— Associates and a joint venture	**98**	362
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of pension obligations, net of tax	**793**	(1,596)
Revaluation gains on investment properties transferred from property, plant and equipment, net of tax	**4,373**	—
Other comprehensive (loss)/income for the year, net of tax	**(49,961)**	9,995
Total comprehensive (loss)/income for the year	**(107,751)**	53,742
Total comprehensive (loss)/income attributable to:		
— Owners of the Company	**(100,574)**	48,480
— Non-controlling interests	**(7,177)**	5,262
	(107,751)	53,742

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2017

	Note	2017 US$'000	2016 US$'000
Assets			
Non-current assets			
Intangible assets		**545,117**	459,139
Property, plant and equipment		**502,651**	514,260
Land use rights		**17,957**	18,627
Investment properties		**238,288**	203,483
Investments in associates		**43,838**	52,774
Investment in a joint venture		**—**	1,347
Derivative financial instruments		**4,289**	67,227
Available-for-sale financial assets		**3,168**	4,746
Financial assets at fair value through profit or loss		**—**	20,144
Deferred income tax assets		**81,519**	61,081
Other receivables	*11*	**24,290**	23,503
Long-term bank deposits		**—**	27,914
		1,461,117	1,454,245
Current assets			
Inventories		**1,317,821**	1,384,470
Trade receivables	*11*	**1,983,543**	1,844,112
Deposits, prepayments and other receivables	*11*	**260,792**	249,802
Financial assets at fair value through profit or loss		**21,517**	10,557
Current income tax recoverable		**7,944**	9,982
Derivative financial instruments		**31,070**	204,641
Pledged bank deposits		**905**	3,435
Short-term bank deposits		**29,295**	25,295
Cash and cash equivalents		**450,393**	601,280
		4,103,280	4,333,574
Total assets		**5,564,397**	5,787,819
Equity			
Equity attributable to owners of the Company			
Share capital		**23,456**	23,456
Other reserves		**1,535,228**	1,645,599
		1,558,684	1,669,055
Non-controlling interests		**4,615**	11,792
Total equity		**1,563,299**	1,680,847

	Note	2017 US$'000	2016 US$'000
Liabilities			
Non-current liabilities			
Borrowings and loans		**484,772**	371,543
Deferred income tax liabilities		**39,776**	39,508
Pension obligations		**12,600**	12,459
Other payables and accruals		**116,406**	41,228
Derivative financial instruments		**2,551**	55,565
Provisions		**1,517**	1,570
		657,622	521,873
Current liabilities			
Trade payables	*12*	**2,024,052**	2,164,232
Other payables and accruals		**958,663**	889,135
Current income tax liabilities		**14,717**	15,062
Provisions		**203,520**	188,795
Derivative financial instruments		**45,456**	164,180
Borrowings and loans		**97,068**	163,695
		3,343,476	3,585,099
Total liabilities		**4,001,098**	4,106,972
Total equity and liabilities		**5,564,397**	5,787,819

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments), contingent consideration payable, investment properties and defined benefit pension plans — plan assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2. ACCOUNTING POLICIES

(a) New and amended standards adopted by the Group

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing 1st January 2017:

Amendments to HKFRS 12, "Disclosure of interest in other entities"
Amendments to HKAS 7, "Statement of cash flows"
Amendments to HKAS 12, "Income taxes"

The Group has adopted these standards and the adoption of these standards did not have a significant impact 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 the financial year beginning on or after 1st January 2017 that are expected to have a material impact on the Group.

(b) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 31st December 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

		Effective for annual periods beginning on or after
Amendments to Annual Improvements Projects HKFRS 1 and HKAS 28	Annual improvements 2014–2016 cycle	1st January 2018
Amendments to HKFRS 1	First time adoption of HKFRS	1st January 2018
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1st January 2018
Amendments to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts	1st January 2018
HKFRS 9	Financial instruments	1st January 2018
HKFRS 15	Revenue from contracts with customers	1st January 2018
Amendment to HKFRS 15	Clarification to HKFRS15	1st January 2018
Amendments to HKAS 28	Investments in associates and joint ventures	1st January 2018
Amendments to HKAS 40	Transfers of investment property	1st January 2018
HK(IFRIC) 22	Foreign currency transactions and advance consideration	1st January 2018
Amendments to HKFRS 9	Prepayment features with negative compensation	1st January 2019
HKFRS 16	Leases	1st January 2019
HK(IFRIC)23	Uncertainty over income tax treatments	1st January 2019
HKFRS 17	Insurance contracts	1st January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Note

Note: To be announced by HKICPA

HKFRS 9 "Financial Instruments" — effective for financial years beginning on or after 1st January 2018

Nature of change

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1st January 2018:

The financial assets held by the Group include:

- equity instruments currently classified as available-for-sale ("AFS") for which a fair value through other comprehensive income ("FVOCI") election is available;

- equity investments currently measured at fair value through profit or loss ("FVPL") which will continue to be measured on the same basis under HKFRS 9

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the available-for-sale financial assets fair value reserve to retained earnings.

For financial liabilities there are two classification categories: amortized cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Management is in the process of quantifying the potential effects on its consolidated financial statements.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 15 "Revenue from Contracts with Customers" — effective for financial years beginning on or after 1st January 2018

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Management has reviewed its significant customer contracts to assess the effects of applying the new standard on the Group's financial statements and has identified certain possible separate performance obligations in relation to sales contracts, such as certain shipping arrangements and warranty arrangements, which can potentially affect the timing of the recognition of revenue.

Management is in the process of quantifying the potential effects of this new standard in its consolidated financial statements.

Date of adoption by Group

It is mandatory for financial years commencing on or after 1st January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1st January 2018 and that comparatives will not be restated.

HKFRS 16 "Leases" — effective for financial years beginning on or after 1st January 2019

Nature of change

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Impact

The standard will affect primarily the accounting for the Group's operating leases. Management is in the process of quantifying the potential effects of this new standard in its consolidated financial statements.

Date of adoption by Group

It is mandatory for financial years commencing on or after 1st January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

3. 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.

The Group's CODM assesses the performance of the operating segments based on adjusted operating profit/(loss). Expenses, where appropriate, are allocated to operating segments with reference to revenue contributions of respective segments. Finance income, finance costs, share of (losses)/profits of associates and a joint venture and unallocated income and expenses are not included in the results for each of the 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, short-term bank deposits, cash and cash equivalents and other unallocated assets, which are managed centrally.

Information relating to segment liabilities is not disclosed as such information is not regularly reported to the CODM.

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

The following tables present revenue and adjusted operating profit/(loss) information regarding the Group's reportable segments for the years ended 31st December 2017 and 2016 respectively.

	For the year ended 31st December 2017			
	Monitors	**TVs**	**Others**	**Total**
	US$'000	***US$'000***	***US$'000***	***US$'000***
Revenue	**4,870,960**	**4,234,168**	**479,582**	**9,584,710**
Adjusted operating profit/(loss)	**170,603**	**(195,106)**	**9,577**	**(14,926)**
Depreciation of property, plant and equipment	**(42,950)**	**(69,318)**	**(1,047)**	**(113,315)**
Amortization of land use rights	**—**	**—**	**(497)**	**(497)**
Amortization of intangible assets	**(7,219)**	**(47,584)**	**(4,301)**	**(59,104)**
Release of trademark license fee payable *(Note 5)*	**—**	**12,566**	**—**	**12,566**
Provision for impairment of trade receivables *(Note 11)*	**—**	**(68,245)**	**—**	**(68,245)**
Impairment loss on goodwill *(Note 5)*	**—**	**(30,000)**	**—**	**(30,000)**
Capital expenditure	**(38,346)**	**(208,814)**	**(19,141)**	**(266,301)**

	For the year ended 31st December 2016			
	Monitors	TVs	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Revenue	4,606,362	4,490,254	711,721	9,808,337
Adjusted operating profit/(loss)	174,080	(80,283)	14,789	108,586
Depreciation of property, plant and equipment	(43,548)	(77,200)	(245)	(120,993)
Amortization of land use rights	—	—	(504)	(504)
Amortization of intangible assets	(7,203)	(10,323)	(3,950)	(21,476)
Provision for restructuring costs	(3,821)	(49,345)	(62)	(53,228)
Impairment losses on intangible assets	(229)	(697)	(3,375)	(4,301)
Impairment losses on property, plant and equipment	(22)	(1,907)	(3)	(1,932)
Capital expenditure	(36,994)	(83,790)	(399)	(121,183)

The following tables present segment assets as at 31st December 2017 and 2016 respectively.

	As at 31st December 2017			
	Monitors	**TVs**	**Others**	**Total**
	US$'000	***US$'000***	***US$'000***	***US$'000***
Segment assets	**2,131,079**	**2,373,578**	**159,770**	**4,664,427**

	As at 31st December 2016			
	Monitors	TVs	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment assets	2,133,156	2,412,286	193,391	4,738,833

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

	2017	2016
	US$'000	*US$'000*
Adjusted operating (loss)/profit for reportable segments	**(14,926)**	108,586
Unallocated income	**31,423**	36,060
Unallocated expenses	**(14,672)**	(19,942)
Operating profit	**1,825**	124,704
Finance income	**4,647**	6,905
Finance costs	**(38,898)**	(36,937)
Share of (losses)/profits of associates	**(4,501)**	6,652
Share of loss of a joint venture	**—**	(2)
(Loss)/profit before income tax	**(36,927)**	101,322

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

	As at 31st December	
	2017	2016
	US$'000	*US$'000*
Segment assets	**4,664,427**	4,738,833
Investment properties	**238,288**	203,483
Investments in associates	**43,838**	52,774
Investment in a joint venture	**—**	1,347
Available-for-sale financial assets	**3,168**	4,746
Deferred income tax assets	**81,519**	61,081
Financial assets at fair value through profit or loss	**21,517**	30,701
Long-term bank deposits	**—**	27,914
Current income tax recoverable	**7,944**	9,982
Pledged bank deposits	**905**	3,435
Short-term bank deposits	**29,295**	25,295
Cash and cash equivalents	**450,393**	601,280
Other unallocated assets	**23,103**	26,948
Total assets	**5,564,397**	5,787,819

The analysis of revenue by geographical areas is as follows:

	2017	2016
	US$'000	*US$'000*
The People's Republic of China (The "PRC")	**2,655,756**	3,808,705
Europe	**2,788,203**	2,486,348
North America	**2,360,393**	2,035,864
South America	**825,704**	561,208
Rest of the world	**954,654**	916,212
	9,584,710	9,808,337

For the year ended 31st December 2017, revenues of approximately US$822,971,000 (2016: US$819,015,000) are derived from a single external customer. These revenues are attributable to the sales of TVs.

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

	2017	2016
	US$'000	*US$'000*
The PRC	**669,430**	650,812
Europe	**174,205**	88,175
North America	**11,253**	12,180
South America	**47,383**	48,257
Rest of the world	**445,580**	450,206
	1,347,851	1,249,630

4. OTHER INCOME

	2017	2016
	US$'000	*US$'000*
Fiscal refund, government grant and technical innovation subsidy	**31,424**	36,061
Income from sales of scrap materials	**4,185**	4,743
Rental income	**14,178**	11,704
Miscellaneous income	**7,628**	5,935
	57,415	58,443

5. OTHER LOSSES, NET

	2017	2016
	US$'000	*US$'000*
Realized and unrealized losses on derivative financial instruments — net	**(99,193)**	(14,075)
Net exchange gains/(losses)	**58,800**	(22,819)
Impairment losses on trademarks and patents	**—**	(3,375)
Impairment loss on goodwill *(Note i)*	**(30,000)**	—
Losses on disposals of intangible assets	**—**	(7)
Gains/(losses) on disposals of property, plant and equipment — net	**819**	(1,665)
Net fair value gains on revaluation of investment properties	**13,617**	9,590
Losses on disposals of available-for-sale financial assets	**—**	(41)
Fair value gains on financial assets at fair value through profit or loss	**1,373**	590
Gains on disposals of financial assets at fair value through profit or loss	**5,312**	12,838
Release of trademark license fee payable *(Note ii)*	**12,566**	—
Loss on remeasurement of contingent consideration payable	**(2,323)**	—
Gains/(losses) on disposals of subsidiaries — net	**646**	(623)
Losses on disposals of associates and a joint venture — net	**(48)**	(998)
	(38,431)	(20,585)

Note i:

During the year ended 31st December 2017, the Group recognised an impairment loss on goodwill of US$30,000,000 for the TVs segment as a result of its annual impairment testing.

Note ii:

The Group recognised the release of trademark license fee payable amounting to US$12,566,000 in the consolidated income statement due to the renewal of the Philips TV License worldwide, other than the PRC, India, the US, Canada, Mexico and certain South American countries.

6. OPERATING PROFIT

The following items have been charged to the operating profit during the year:

	2017	2016
	US$'000	*US$'000*
Cost of inventories	**8,060,050**	8,236,217
Employee benefit expenses (including directors' emoluments)	**514,106**	485,440
Amortization of intangible assets	**59,104**	21,476
Impairment losses on software	**—**	926
Depreciation of property, plant and equipment	**113,315**	120,993
Impairment losses on property, plant and equipment	**—**	1,932
Amortization of land use rights	**497**	504
Operating lease rental for land, buildings and machinery	**18,699**	20,213
Provision for impairment of trade receivables *(Note 11)*	**68,245**	155
Provision for impairment of other receivables	**215**	769
Charge for warranty provisions	**165,869**	207,876
Royalty expense	**64,060**	66,479
Provision for restructuring and other provisions	**3,256**	54,589
Write-off of value-added tax recoverable	**900**	4,389
Donations	**249**	527

7. FINANCE COSTS, NET

	2017	2016
	US$'000	*US$'000*
Interest expenses		
— Interest expense on bank borrowings and factoring arrangements	**33,485**	26,698
— Interest expense on loans	**582**	1,877
Unwinding of interests		
— Unwinding of interests on license fee payable	**4,049**	7,985
— Unwinding of interests on contingent consideration payable	**782**	377
Finance costs	**38,898**	36,937
Interest income on cash at bank and bank deposits	**(4,647)**	(6,905)
Finance costs, net	**34,251**	30,032

8. INCOME TAX EXPENSE

	2017	2016
	US$'000	*US$'000*
Current income tax charge		
— Current year	**37,714**	36,450
— Under-provision in respect of prior years	**409**	492
Deferred income tax (credit)/charge	**(17,260)**	20,633
Income tax expense	**20,863**	57,575

9. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	2017	2016
(Loss)/profit attributable to owners of the Company *(US$'000)*	**(50,614)**	38,523
Weighted average number of ordinary shares in issue *(thousands)*	**2,345,636**	2,345,636
Basic (loss)/earnings per share *(US cents per share)*	**(2.16)**	1.64

(b) Diluted

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

Diluted (loss)/earnings per share for the year ended 31st December 2017 and 2016 equal basic (loss)/earnings per share as the exercise of the outstanding share options would be anti-dilutive.

10. DIVIDENDS

	2017	2016
	US$'000	*US$'000*
Final, proposed, of US0.128 cent (2016: US0.49 cent) per ordinary share	**3,002**	11,494

A dividend in respect of the year ended 31st December 2017 of US0.128 cent per share (2016: US0.49 cent per share) was proposed by the Board of directors on 15th March 2018 and to be approved by the shareholders in the forthcoming annual general meeting. This proposed final dividend, amounting to US$3,002,000 has not been recognised as a liability in the financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st December 2018.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017	2016
	US$'000	*US$'000*
Non-current		
Other receivables	**24,290**	23,503
Current		
Trade receivables	**2,064,930**	1,866,570
Less: provision for impairment of trade receivables	**(81,387)**	(22,458)
Trade receivables, net	**1,983,543**	1,844,112
Deposits	**6,253**	6,334
Prepayments	**35,216**	38,764
Other receivables		
— Value-added tax recoverable	**142,253**	136,440
— Others	**77,070**	68,264
	260,792	249,802
Total	**2,268,625**	2,117,417

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

As at 31st December 2017 and 2016, the ageing analysis of gross trade receivables based on invoice date was as follows:

	2017	2016
	US$'000	*US$'000*
0–30 days	**432,988**	925,252
31–60 days	**883,633**	609,731
61–90 days	**438,913**	227,833
91–120 days	**81,243**	36,719
Over 120 days	**228,153**	67,035
	2,064,930	1,866,570

As at 31st December 2017, gross trade receivables of US$116,560,000 (2016: US$79,314,000) were past due but not impaired. The ageing analysis of these past due but not impaired trade receivables is as follows:

	2017	2016
	US$'000	*US$'000*
1–90 days	**110,426**	57,546
91–120 days	**2,463**	5,582
Over 120 days	**3,671**	16,186
	116,560	79,314

As at 31st December 2017, gross trade receivables of US$154,920,000 (2016: US$31,394,000) were past due and impaired. The amount of the provision was US$81,387,000 as at 31st December 2017 (2016: US$22,458,000). The ageing analysis of these past due and impaired receivables is as follows:

	2017	2016
	US$'000	*US$'000*
1–90 days	**10,151**	—
91–120 days	**2,622**	—
Over 120 days	**142,147**	31,394
	154,920	31,394

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

	2017	2016
	US$'000	*US$'000*
At 1st January	**22,458**	22,914
Provision for impairment of trade receivables *(Note i)*	**68,245**	155
Receivables written off during the year as uncollectible	**(10,698)**	(1,381)
Exchange differences	**1,382**	770
At 31st December	**81,387**	22,458

Note i:

The impaired receivables mainly relate to the overdue trade receivables from a number of OTT (over-the-top content) customers.

12. TRADE PAYABLES

As at 31st December 2017 and 2016, the ageing analysis of trade payables based on invoice date was as follows:

	2017	2016
	US$'000	*US$'000*
0–30 days	**790,415**	808,140
31–60 days	**680,871**	736,160
61–90 days	**271,564**	309,391
Over 90 days	**281,202**	310,541
	2,024,052	2,164,232

FINAL DIVIDEND

The Board will recommend at the forthcoming annual general meeting the payment of a final dividend of US0.128 cent (2016: US0.49 cent) per share payable in cash to shareholders whose names appearing on the registers of members of the Company on Thursday, 24th May 2018.

The proposed final dividend is payable in cash to shareholders in US dollars save that those shareholders whose names appearing on the register of members of the Company in Hong Kong will receive the equivalent amount in HK dollars and those shareholders whose names appearing on the record of members of the Company in Singapore will receive the equivalent amount in Singapore dollars, both calculated at the relevant exchange rates quoted by banks in Hong Kong at or about 11:00 a.m. on Friday, 25th May 2018.

The dividend cheques will be distributed to equity holders on or about Tuesday, 5th June 2018.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from Thursday, 24th May 2018 to Friday, 25th May 2018, during which period no transfer of shares will be registered.

In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 23rd May 2018 or the Company's share transfer office in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 5:00 p.m. on Wednesday, 23rd May 2018 (as the case may be).

INDUSTRY REVIEW

The display industry continued to see turbulence in 2017. Prices of LCD panels, a key component of displays, experienced a sharp fall in the second half of the year, following prolonged upward movement starting at the end of 2015 resulting from limited supply. Prices for monitor panels peaked at the beginning of 2017 and started to fall in the second quarter in a range of 5% to 10% quarter-on-quarter until early in the fourth quarter. Prices for large-size panels, namely 50-inch and above, also dropped sharply from June onwards at about double digits percentage levels per quarter until the end of the year. Additionally, market competition intensified, with some brand owners undercutting prices with the aim of capturing market share.

On the demand side, global shipment for TVs recorded a decline for the third consecutive year to about 214 million sets (2016: 222 million sets), representing a drop of 3.6% over the previous year, while worldwide monitor shipment remained largely stable at about 123 million units (2016: 124 million units).

GROUP PERFORMANCE

In 2017, despite adverse market conditions, the Group saw a stable turnover of US$9.58 billion (2016: US$9.81 billion). The financial performance however did not meet expectations due to several one-off expenses. The gross profit ("GP") margin dropped to 8.2% (2016: 8.6%) due to the sharp decline in panel prices, leading to an inventory provision of US$53.8 million. Furthermore, the Group recorded a loss of US$40.4 million in foreign exchange hedges, a provision of US$68.5 million for doubtful receivables, and an impairment of US$30 million for goodwill in the TV business, severely dampening the Group's results and leading to a loss attributable to shareholders of US$50.6 million at the end of 2017 (2016: profit of US$38.5 million).

Geographically, sales revenue from all markets except China increased. Turnover from Europe increased 12.1% year-on-year, making 29.1% of total revenue (2016: 25.4%) to become the Group's largest market, followed by China which contributed 27.7% (2016: 38.8%). Revenue from North America rose 15.9% to account for 24.6% (2016: 20.8%) of the total. Sales from South America soared 47.1% and represented 8.6% of total revenue (2016: 5.7%) while the rest of the world contributed 10% (2016: 9.3%).

TVs

The TV business segment faced strong headwinds during the year under review. China, as an important market for the Group's TV business, continued to face an economic slowdown, which inevitably affected the Group's shipments. According to iHS, global shipments to China in 2017 fell by 10% to 53 million units. Moreover, due to the business and financial issues faced by the OTT industry, orders from this segment dropped severely and the Group also experienced difficulties in collection from some of these customers, impacting the segment results significantly. Furthermore, there was increased market competition when a foreign brand adopted an aggressive marketing strategy, aiming to capture market share. Consequently, the Group's shipments reduced by 11% year-on-year to 16.8 million sets (2016: 18.9 million sets) and segment revenue was lower at US$4.23 billion (2016: US$4.49 billion) despite a higher average selling price ("ASP") at US$251.70 (2016: US$237.60). Additionally, the inventory provision of US$39.7 million subsequent to the panel price drop in the second half of 2017 and arising from the devaluation of stock balance of OTT customers, resulted in the GP margin dropping to 7.9% (2016: 8.6%). Furthermore, the Group made provisions of US$68.2 million for accounts receivables primarily due from certain OTT customers in China and US$30 million for goodwill impairment as a result of the less than satisfactory segment performance. Accordingly, the segment recorded an adjusted operating loss of US$195.1 million (2016: US$80.3 million).

Nonetheless, the operation in Brazil continued to improve, becoming profitable with sales revenue almost double that of 2016. In addition, and despite the intensified market competition, Philips TV remained one of the top selling foreign brands in China with a market share of 5.4% at the end of 2017 (2016: 5.2%).

Monitors

The Group's monitor business remained stable in 2017. Demand in North and South America was strong due to the expanding economy in the two regions but was offset by the slowdown in China. Consequently, the Group's total shipments reduced slightly to 43.7 million units (2016: 44.4 million units). However, segment revenue increased 5.7% over the previous year to US$4.87 billion (2016: 4.61 billion), helped by the higher ASP at US$111.40 (2016: US$103.60). Segment GP margin for the year was at 8.3% (2016: 9%) in the face of higher panel costs throughout the year. Adjusted operating profit remained stable at US$170.6 million (2016: US$174.1 million), attributable to tighter cost controls.

TPV continued to dominate the sector with approximately 35% market share at the close of 2017. Moreover, the public display business under the monitor segment continued to record encouraging performance during the year and outperformed market growth. Shipments to Europe and North America surged 27% and 53% respectively. Total public display shipments increased 11.5% over the previous year. The Group will continue to develop this segment with new products coming out in 2018 targeting the enterprise and education markets.

OPERATIONS REVIEW

Throughout 2017, the Group continued to make strategic changes to its operations with the primary goal of improving efficiency, developing the skills and abilities of employees, and lowering expenses. To this end, the Group reorganised its plant in Gorzów, Poland to include facilities dedicated to panel repair. This helped to reduce after-sales service costs, one of the Group's largest expenses, by removing the need to rely on a third party.

Additionally, the Group revised the distribution of after-sales technical service support between the corporate I&D department and the field engineering team. Engineers at factory sites are responsible for identifying issues with new and current models and they report back to I&D, which then performs examinations and provides solutions. Furthermore, the time to market was shortened by performing verifications in the early stages of the product development process, ensuring all new models will be able to secure the necessary certifications in international markets.

The Group also introduced a new stock-in-transit ("SIT") tracking system that monitors inventory balance across various channels and hubs. The system gives management a more accurate, detailed and timely picture of the SIT, helping them to adjust logistics management approach to accommodate different means of transportation, including the Anglo-Europe railway and new sea routes to speed up the time to market and shorten the cash conversion cycle.

Regarding manufacturing, the Group refocused its emphasis on automation and enhancing efficiency. During 2017, the Group set up four one-stop assembly lines and nine master board BPR lines to reduce the time required by the production cycle while maintaining quality. Last year, the Group invested about US$12 million in automation for 220 projects covering materials input, assembling and testing, bringing savings of approximately US$7 million in the first year. Also, the new Xianyang plant will commence production in the second quarter of 2018 with an annual capacity of 4 million sets of TVs. The new production site is situated next to CEC's new 8.6G panel factory, which mainly produces 50-inch and above large-size panels. The Group intends to work closely with CEC to expand its market influence in the large-size TV segment.

INNOVATION AND DEVELOPMENT

In 2017, the Group received multiple honours at different events, including the iF Design Awards, the Red Dot Product Awards, and the Computex d&I Awards, among others, for our superior product design, functionality, features, and use of cutting-edge materials.

In the first half of 2017, the Group formally put its first OLED 4K TV in Europe under the Philips brand on shelf for sale. It was a 55-inch model which received a warm response from the public and earned accreditation from the European Imaging and Sound Association (EISA). Additionally, the TV received 21 awards from other organisations across the continent. In 2018, the Group will launch additional sets, to a total of five, including both 55-inch and 65-inch versions.

HUMAN RESOURCES

At the finish of 2017, our total workforce comprised 29,014 individuals (2016: 30,129). In keeping with the Group's standards, employees were compensated according to the industry practices found in their respective locations. Throughout the year, we provided a combination of soft skills and technical training with the goal of helping our staff develop professionally and further their careers. We also emphasised the importance of a healthy work-life balance and offered a series of activities throughout the year to encourage team bonding while helping employees enjoy personal and professional satisfaction.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31st December 2017, the Group's cash and bank balances (including pledged bank deposits) totalled US$480.6 million (2016: US$630 million). Credit facilities granted by banks totalled US$4.50 billion (2016: US$4.10 billion), of which US$2.04 billion was utilised (2016: US$1.96 billion).

The majority of the Group's debts were borrowed on a floating-rate basis. Of these, approximately 60% were denominated in US and Hong Kong dollars, while the remainder was held in Euros and other local currencies. The maturity profile of the Group's debts as at 31st December 2017 was as follows:

	As at 31st December 2017 *(US$'000)*	As at 31st December 2016 *(US$'000)*
Within one year	**97,068**	163,695
Between one and two years	**123,135**	292,462
Between two and five years	**361,637**	79,081
Total	**581,840**	535,238

As at 31st December 2017, the Group's gearing ratio, which is represented by the ratio of total borrowings and payables under a discounting arrangement of total assets, was 15.2% (2016: 14.5%). The current ratio is 122.7% (2016: 120.9%). Also, during the year, the Group secured a US$119 million three-year term loan to strengthen its financial structure and position.

FOREIGN EXCHANGE RISK

As an international business, the Group is subject to foreign exchange risk related to exposure to various currencies, primarily in relation to the Renminbi, Brazilian real, Russian ruble, Argentine peso and the Euro. Future commercial transactions, recognised assets and liabilities, and net investments in foreign operations all entail foreign currency risk. In addition, the conversion of these foreign currencies is subject to exchange control rules and regulations enforced by the respective governments. To cope with these challenges, the Group has a standing foreign exchange risk management policy and relies on forward contracts and various derivative instruments to lessen associated risks.

CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in various claims, lawsuits, 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 the details of these legal and other proceedings are sensitive and disclosures are therefore not set out in full.

(a) 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.

(b) 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.

(c) In February 2017, a third party company filed a complaint in Taipei against the Group. The complaint concerns claim of compensation related to another third party's license.

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

PURCHASE, SALE AND REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE CODE

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

During the financial year of 2017, the Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except for deviations from code provisions A.2.1, A.4.1 and A.6.7 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.

General Meetings with Shareholders

Code provision A.6.7 stipulates that non-executive directors should attend general meetings of the Company. The Company holds three general meetings during 2017. The 2017 annual general meeting (the "2017 AGM") was held on 18th May 2017. Two special general meetings were held respectively on 27th February 2017 and 5th December 2017. Due to other business engagement, some of the directors cannot attend the above general meetings.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by directors of the Company (the "Internal Rules"), the terms of which no less exacting than the required standards set out in Appendix 10 — Model Code for Securities Transactions by Directors of Listed Issuers (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 year ended 31st December 2017.

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.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2017 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement. The Audit Committee has reviewed the annual results for the year ended 31st December 2017.

ANNUAL REPORT

The Annual Report for the year ended 31st December 2017 will be despatched to shareholders and will be published on the websites of the Exchange (www.hkex.com.hk) and Singapore Exchange Ltd (www.sgx.com) as well as the website of the Company (www.tpv-tech.com) in due course.

ANNUAL GENERAL MEETING

The 2018 Annual General Meeting will be held on Thursday, 17th May 2018. Notice of Annual General Meeting will be published on the websites of the Exchange and Singapore Exchange Ltd as well as the website of the Company, and despatched to shareholders in due course.

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

Hong Kong, 15th March 2018

As at the date of this announcement, the Board of the Company comprises one executive director, namely Dr Hsuan, Jason, and five non-executive directors, namely Mr Yang Jun, Mr Zhu Lifeng, Dr Li Jun, Ms Jia Haiying and Ms Bi Xianghui, and three independent non-executive directors, namely Mr Chan Boon Teong, Dr Ku Chia-Tai and Mr Wong Chi Keung.