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TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED
TCL多媒體科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01070)

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS
Results for the six months ended 30 June

	2011 *(HK$M)*	2010 *(HK$M)*	**Change**
Turnover	**13,156**	12,241	+7.5%
Gross profit	**2,060**	1,721	+19.7%
Operating profit/(loss)	**343**	(173)	N/A
Profit/(loss) attributable to owners of the parent	**131**	(334)	N/A
Basic earnings/(loss) per share *(HK cents)*	**12.07**	(31.80)	N/A

Highlights

- For the six months ended 30 June 2011, the Group recorded a turnover of approximately HK$13,156 million, up slightly by 7.5% year-on-year. Gross profit amounted to approximately HK$2,060 million while operating profit reached approximately HK$343 million. The Group successfully turned around its business with profit attributable to owners of the parent of approximately HK$131 million.

- The Group sold 4.033 million LCD TV sets, representing a growth of 23.9% year-on-year. The sales volume of LCD TVs in the PRC Market and Overseas Markets rose by 23.0% and 25.6% year-on-year, respectively, while the sales volume of LCD TVs in Emerging Markets alone soared 124.3% year-on-year.

- The proportion of the sales volume of LED backlight LCD TVs sold compared to overall sales volume of LCD TVs sold was 34.2% while this proportion in the PRC Market amounted to 36.2%.

- The Group achieved a number of technological breakthroughs during the period under review, in terms of self-innovation and R&D, while focusing on the development of well-received high-end TV products, such as LED backlight LCD TVs, 3D TVs, Internet TVs and Smart TVs.

- The Group announced the acquisition of TCL Optoelectronics Technology (Huizhou) Co., Ltd. (primarily engages in LCD module business) in June 2011. The acquisition will help the Group further realize its vertical integration strategy, generate cost synergy, create new revenue streams and significantly improve its competitiveness with regard to TV manufacturing capabilities.

The Board of Directors (the "Board") of TCL Multimedia Technology Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results and financial position of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2011 with comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June		Three months ended 30 June	
		2011	2010	**2011**	2010
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER	4	**13,156,097**	12,240,676	**6,575,016**	5,480,044
Cost of sales		**(11,095,619)**	(10,520,040)	**(5,568,527)**	(4,856,847)
Gross profit		**2,060,478**	1,720,636	**1,006,489**	623,197
Other revenue and gains		**287,696**	157,809	**111,977**	125,404
Selling and distribution costs		**(1,527,675)**	(1,575,959)	**(712,109)**	(802,344)
Administrative expenses		**(318,100)**	(346,976)	**(136,327)**	(184,372)
Research and development costs		**(125,910)**	(81,912)	**(70,118)**	(40,586)
Other operating expenses		**(33,188)**	(46,789)	**(1,149)**	(17,035)
		343,301	(173,191)	**198,763**	(295,736)
Finance costs	5	**(160,200)**	(106,943)	**(58,809)**	(51,834)
Share of profits and losses of:					
Jointly-controlled entities		**(969)**	(1,794)	**(116)**	(1,800)
Associates		**1,382**	(792)	**(13,069)**	880
PROFIT/(LOSS) BEFORE TAX		**183,514**	(282,720)	**126,769**	(348,490)
Income tax expense	6	**(47,291)**	(47,960)	**(27,730)**	(28,627)
PROFIT/(LOSS) FOR THE PERIOD		**136,223**	(330,680)	**99,039**	(377,117)
OTHER COMPREHENSIVE INCOME/(LOSS)					
Exchange fluctuation reserve:					
Translation of foreign operations		**59,833**	34,002	**38,599**	31,978
Release upon liquidation of a jointly-controlled entity		**(23,828)**	–	**–**	–
Release upon disposal of an associate		**–**	(21)	**–**	(21)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**36,005**	33,981	**38,599**	31,957
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**172,228**	(296,699)	**137,638**	(345,160)

	Notes	Six months ended 30 June **2011** **(unaudited)** ***HK$'000***	2010 (unaudited) *HK$'000*	Three months ended 30 June **2011** **(unaudited)** ***HK$'000***	2010 (unaudited) *HK$'000*
Profit/(loss) attributable to:					
Owners of the parent		**131,179**	(333,775)	**97,131**	(377,514)
Non-controlling interests		**5,044**	3,095	**1,908**	397
		136,223	(330,680)	**99,039**	(377,117)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**164,857**	(300,665)	**134,235**	(346,312)
Non-controlling interests		**7,371**	3,966	**3,403**	1,152
		172,228	(296,699)	**137,638**	(345,160)
EARNINGS/(LOSS) PER SHARE	9				
Basic		**HK12.07 cents**	HK(31.80) cents		
Diluted		**HK12.05 cents**	HK(31.80) cents		

Details of the dividends are disclosed in note 8.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2011 (unaudited) *HK$'000***	31 December 2010 (audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,418,064**	1,497,821
Prepaid land lease payments		**92,376**	106,207
Goodwill		**119,638**	119,638
Other intangible assets		**783**	965
Investments in jointly-controlled entities		**8,832**	9,268
Investments in associates		**165,135**	165,027
Available-for-sale investments		**6,677**	6,677
Deferred tax assets		**20,650**	25,736
Total non-current assets		**1,832,155**	1,931,339
CURRENT ASSETS			
Inventories		**3,926,758**	4,925,369
Trade receivables	10	**2,550,270**	3,236,589
Bills receivable		**2,710,648**	2,180,665
Other receivables		**1,989,633**	1,537,322
Tax recoverable		**14,275**	3,326
Pledged deposits		**1,363,247**	2,374,328
Cash and bank balances		**3,025,007**	2,132,619
		15,579,838	16,390,218
Non-current assets classified as held for sale	11	**147,024**	179,096
Total current assets		**15,726,862**	16,569,314
CURRENT LIABILITIES			
Trade payables	12	**5,073,403**	5,289,926
Bills payable		**1,677,582**	1,310,418
Other payables and accruals		**2,343,026**	2,371,266
Interest-bearing bank and other borrowings	13	**3,024,505**	4,863,517
Due to TCL Corporation	14	**116,531**	590,059
Due to T.C.L. Industries	14	**677,112**	–
Tax payable		**127,602**	173,591
Provisions		**277,440**	367,284
Total current liabilities		**13,317,201**	14,966,061
NET CURRENT ASSETS		**2,409,661**	1,603,253
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,241,816**	3,534,592

	Notes	**30 June 2011 (unaudited)** *HK$'000*	31 December 2010 (audited) *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,241,816**	3,534,592
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	13	**827,099**	265,143
Deferred tax liabilities		**12,067**	12,994
Pensions and other post-employment benefits		**6,769**	6,798
Total non-current liabilities		**845,935**	284,935
Net assets		**3,395,881**	3,249,657
EQUITY			
Equity attributable to owners of the parent			
Issued capital	15	**1,086,760**	1,086,425
Reserves		**2,196,539**	2,058,021
		3,283,299	3,144,446
Non-controlling interests		**112,582**	105,211
Total equity		**3,395,881**	3,249,657

Notes:

1. **BASIS OF PREPARATION**

These unaudited interim condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and the basis of preparation adopted in the preparation of these condensed consolidated financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (which also include HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosures requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

These condensed consolidated financial statements have been prepared under historical cost convention, except for the derivative financial instruments, which have been measured at fair value. Non-current assets classified as held for sale are stated at the lower of their carrying amounts and fair values less cost to sell. These condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. **CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The Group has adopted the following new and revised HKFRSs for the first time for the current period's condensed consolidated financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

Apart from the above, the Group has also adopted *Improvements to HKFRSs 2010** issued by the HKICPA which sets out amendments to a number of HKFRSs primarily with a view to remove inconsistencies and clarify wordings.

* *Improvements to HKFRSs 2010* contain amendments to HKFRS 1, HKFRS 3, HKFRS 7, HKAS 1, HKAS27, HKAS 34 and HK(IFRIC)-Int 13.

Other than as further explained below regarding the impact of HKAS 24 (Revised), amendments to HKFRS 3, HKAS 1, HKAS 27 and HKAS 34 included in *Improvements to HKFRSs 2010*, the adoption of these new and revised HKFRSs has had no significant financial effect on these condensed financial statements and there has been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

While the adoption of the revised standard has resulted in changes in the accounting policy, the revised standard does not have any impact on the related party disclosures as the Group currently does not have any significant transactions with government-related entities.

(b) *Improvements to HKFRSs 2010*

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Those amendments that have had a significant impact on the Group's policies are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

- HKAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 are applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

- Amendment to HKAS 34 *Interim Financial Reporting*: Amendment to HKAS 34 requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in condensed financial statements. The amendment does not result in additional disclosures to the Group.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these condensed consolidated financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [1]
HKFRS 9	*Financial Instruments* [4]
HKFRS 10	*Consolidated Financial Statements* [4]
HKFRS 11	*Joint Arrangements* [4]
HKFRS 12	*Disclosure of Interests in Other Entities* [4]
HKFRS 13	*Fair Value Measurement* [4]
Amendments to HKAS 1 (Revised)	Amendments to HKAS 1 (Revised) *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* [3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes: Deferred Tax – Recovery of Underlying Assets* [2]
HKAS 19 (2011)	*Employee Benefits* [4]
HKAS 27 (2011)	*Separate Financial Statements* [4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures* [4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their geographical television segments and other product types and has three reportable operating segments as follows:

(a) Television segment – manufactures and sells television sets and trades related components in:

– the People's Republic of China ("PRC") market

– the Overseas markets

(b) AV segment – manufactures and sells audio-visual products; and

(c) Others segment – comprises of information technology and other businesses, including sales of white goods, mobile phones and air conditioners.

Management monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income, finance costs, share of profits and losses of jointly-controlled entities and associates as well as head office and corporate expenses/(income) are excluded from such measurement.

Information regarding these reportable segments, together with their related comparative information, is presented below.

	Six months ended 30 June									
	Television – PRC market		Television – Overseas markets		AV		Others		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales to external customers	**7,484,284**	6,512,839	**3,401,173**	3,625,579	**1,926,803**	1,641,497	**343,837**	460,761	**13,156,097**	12,240,676
Segment results	**344,857**	(181,890)	**(38,076)**	(78,043)	**55,142**	138,885	**4,330**	12,031	**366,253**	(109,017)
Bank interest income									**40,311**	6,295
Corporate expenses									**(63,263)**	(70,469)
Finance costs									**(160,200)**	(106,943)
Share of profits and losses of:										
Jointly-controlled entities	**(446)**	(2,894)	**(523)**	1,100	**–**	–	**–**	–	**(969)**	(1,794)
Associates	**(1,954)**	(49)	**–**	–	**–**	–	**3,336**	(743)	**1,382**	(792)
Profit/(loss) before tax									**183,514**	(282,720)
Income tax expense									**(47,291)**	(47,960)
Profit/(loss) for the period									**136,223**	(330,680)

5. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Interest on:		
Bank loans and overdrafts	**132,412**	92,302
Loans from TCL Corporation	**20,591**	8,805
Loans from T.C.L. Industries	**2,631**	–
Loans from an associate	**4,566**	4,235
Loan from an associate of TCL Corporation	**–**	1,601
Total	**160,200**	106,943

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong	**7,201**	8,459
Current – Elsewhere	**35,789**	41,762
Deferred	**4,301**	(2,261)
Total tax charge for the period	**47,291**	47,960

7. DEPRECIATION AND AMORTIZATION

During the period, depreciation of HK$105,154,000 (30 June 2010: HK$112,295,000) was charged to the condensed consolidated statement of comprehensive income in respect of the Group's property, plant and equipment; and amortization of HK$201,000 (30 June 2010: HK$962,000) and HK$1,383,000 (30 June 2010: HK$1,139,000) were charged to the condensed consolidated statement of comprehensive income in respect of the Group's other intangible assets and prepaid land lease payments, respectively.

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2011 (30 June 2010: Nil).

9. EARNINGS/(LOSS) PER SHARE

The calculations of basic and diluted earnings/(loss) per share amounts are based on:

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	**131,179**	(333,775)

	Number of shares Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in basic earnings/(loss) per share calculation	**1,086,582,475**	1,049,587,381
Effect of dilution – weighted average number of ordinary shares:		
Assumed issue at no consideration on deemed exercise of all share options during the period	**1,764,415**	9,607,189
Weighted average number of ordinary shares in issue during the period used in diluted earnings/(loss) per share calculation	**1,088,346,890**	1,059,194,570

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2010 in respect of the dilution as the impact of the share options outstanding during the period had an anti-dilutive effect on the basic loss per share amount presented.

10. TRADE RECEIVABLES

The majority of the Group's sales in the PRC were made on the cash-on-delivery basis and on commercial bills guaranteed by banks with credit periods ranging from 30 to 90 days. For overseas sales, the Group usually requires settlement by letters of credit with tenures ranging from 90 to 180 days. Sales to certain long term strategic customers were also made on open-account basis with credit terms of no more than 180 days.

In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2011 (unaudited)	31 December 2010 (audited)
	HK$'000	*HK$'000*
Current to 90 days	**2,338,593**	2,958,042
91 to 180 days	**98,886**	233,942
181 to 365 days	**68,256**	28,278
Over 365 days	**44,535**	16,327
	2,550,270	3,236,589

11. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

		30 June 2011 (unaudited)	31 December 2010 (audited)
		HK$'000	*HK$'000*
An available-for-sale investment	(a)	**–**	65,215
Property, plant and equipment	(b)	**–**	15,137
Investment in a jointly-controlled entity	(c)	**–**	98,744
Assets of a subsidiary classified as held for sale	(d)	**147,024**	–
		147,024	179,096

(a) On 12 December 2010, the Group and Tianjin Vantone New-Innovation Industrial Resource Investment Co. Ltd. ("Tianjin Vantone") entered into a transfer agreement ("Transfer Agreement") and pursuant to which, the Group will transfer the Group's 25% equity interest in TCL Digital Science and Technology (Wuxi) Company Limited (the "Wuxi Interest") to Tianjin Vantone at a consideration of RMB57,500,000 (equivalent to approximately HK$69,227,000) (the "Share Transfer"). Completion of the Share Transfer took place on 18 May 2011. As the Transfer Agreement was entered before 31 December 2010, the Wuxi Interest was classified as non-current assets held for sale and included as current asset in the condensed consolidated statement of financial position as at 31 December 2010.

(b) On 30 November 2010, TCL-Thomson Electronics (Thailand) Co., Ltd., a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement (the "S&P Agreement") with an independent third party for the disposal of certain items of property, plant and equipment (the "Disposal Assets") at an aggregate consideration of US$8,300,000 (equivalent to approximately HK$64,598,000). Completion of the necessary legal procedures in respect of the change in ownership of the Disposal Assets took place on 21 January 2011. As the S&P Agreement was entered before 31 December 2010, the Disposal Assets with an aggregate carrying amount of HK$15,137,000 were classified as non-current assets held for sale and included as current assets in the condensed consolidated statement of financial position as at 31 December 2010.

(c) Pursuant to the board resolution of a jointly-controlled entity of the Company, Henan TCL-Melody Electronics Co., Ltd. ("Henan TCL-Melody") on 18 May 2010, it was resolved that Henan TCL-Melody should be dissolved by way of voluntary liquidation. Completion of the liquidation took place on 27 January 2011. As the liquidation plan was approved before 31 December 2010, the Group's investment in Henan TCL-Melody, with a carrying amount of HK$98,744,000, was classified as non-current assets held for sale and included as current asset in the condensed consolidated statement of financial position as at 31 December 2010.

(d) On 28 June 2011, the Group entered into an equity transfer agreement ("Equity Transfer Agreement") with Talent Bright International Limited ("Talent Bright"), pursuant to which the Group agreed to sell and Talent Bright agreed to acquire the entire equity interest in TCL King Electronics (Shenzhen) Company Limited ("Shenzhen King"), a wholly-owned subsidiary of the Group, at a consideration of RMB315,500,000 (equivalent to approximately HK$379,846,000) (subject to adjustment). As the Equity Transfer Agreement was entered before 30 June 2011, the assets of Shenzhen King (mainly comprise cash and bank balances, prepaid land lease payments and buildings) with an aggregate amount of HK$147,024,000 were classified as non-current assets held for sale and included as current assets in the condensed consolidated statement of financial position as at 30 June 2011.

12. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on invoice date, is as follows:

	30 June 2011 (unaudited)	31 December 2010 (audited)
	HK$'000	*HK$'000*
Current to 90 days	**4,961,557**	5,153,743
91 to 180 days	**43,248**	84,745
181 to 365 days	**25,138**	7,748
Over 365 days	**43,460**	43,690
	5,073,403	5,289,926

The trade payables are non-interest-bearing and are normally settled with credit periods ranging from 30 to 120 days.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2011 (unaudited) *HK$'000*	31 December 2010 (audited) *HK$'000*
Current		
Bank loans – secured	**1,450,297**	2,387,130
Bank loans – unsecured	**757,591**	1,719,415
Advances from banks as consideration for discounted bills – secured	**209,584**	79,232
Trust receipt loans – unsecured	**446,038**	519,299
Loans from an associate – unsecured	**160,995**	158,441
	3,024,505	4,863,517
Non-current		
Bank loans – secured	**210,691**	265,143
Bank loans – unsecured	**616,408**	–
	827,099	265,143
	3,851,604	5,128,660
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**2,863,510**	4,705,076
In the second year	**244,922**	117,842
In the third to fifth year, inclusive	**582,177**	147,301
	3,690,609	4,970,219
Loans from an associate repayable:		
Within one year	**160,995**	158,441
	3,851,604	5,128,660

Notes:

(a) As at 30 June 2011, the carrying amounts of the Group's bank and other borrowings approximated to their fair values.

(b) Certain of the Group's bank loans are secured by:

(i) pledge of the Group's prepaid land lease payments, buildings and plant and machinery situated in the PRC, which had aggregate carrying amounts at the end of the reporting period of approximately HK$23,690,000 (31 December 2010: HK$23,853,000), HK$249,905,000 (31 December 2010: HK$251,086,000) and HK$105,350,000 (31 December 2010: HK$108,379,000), respectively.

(ii) pledge of certain of the Group's time deposits amounting to HK$1,363,247,000 (31 December 2010: HK$2,374,328,000).

(iii) pledge of certain of the Group's bills receivable amounting to HK$210,081,000 (31 December 2010: Nil).

(c) TCL Corporation has guaranteed certain of the Group's bank loans up to HK$1,032,056,000 (31 December 2010: HK$1,333,364,000) as at the end of the reporting period.

Breach of loan covenants

As at 31 December 2010, in respect of the bank loans with an aggregate carrying amount of HK$615,181,000 (the "Syndicated Loans"), the Group breached certain financial covenants of the relevant loan agreement which are primarily related to the value of the Group's consolidated tangible net worth and the Group's interest coverage ratio.

Since the lenders had not agreed to waive their right to demand immediate payment as at 31 December 2010, the Syndicated Loans were classified as current liabilities in the condensed consolidated statement of financial position as at 31 December 2010. On 23 February 2011, the Group successfully obtained the necessary consent from the majority of the lenders following the Group's waiver request and certain financial covenants have been amended. As at 30 June 2011, the Group complied with all the financial covenants and the Syndicated Loans have been classified as non-current liabilities in the condensed consolidated statement of financial position according to their maturity profile.

14. DUE TO TCL CORPORATION/T.C.L. INDUSTRIES

T.C.L. Industries Holdings (H.K.) Limited ("T.C.L. Industries") is the immediate holding company of the Company and TCL Corporation ("TCL Corporation") is the ultimate holding company of the Company.

The amounts are unsecured and repayable within one year (31 December 2010: except for HK$88,381,000 due to TCL Corporation which was secured by certain of the Group's buildings and prepaid land lease payments with net carrying amounts of approximately HK$83,387,000 and HK$12,341,000 respectively, the remaining balances were unsecured and repayable within one year). The amount of HK$116,531,000 due to TCL Corporation bears interest at fixed rate of 5.87% per annum (31 December 2010: amounts of HK$501,678,000 and HK$88,381,000 due to TCL Corporation which bore interest at fixed rates ranging from 5.87% to 6.05% per annum and 5.31% per annum, respectively), and an amount of HK$677,112,000 due to T.C.L. Industries bears interest at fixed rates ranging from 1.76% to 2.78% per annum (31 December 2010: Nil).

15. SHARE CAPITAL

Shares	**30 June 2011 (unaudited)** *HK$'000*	31 December 2010 (audited) *HK$'000*
Authorised:		
2,200,000,000 (31 December 2010: 2,200,000,000) shares of HK$1.00 each	**2,200,000**	2,200,000
Issued and fully paid:		
1,086,759,982 (31 December 2010: 1,086,424,827) shares of HK$1.00 each	**1,086,760**	1,086,425

During the six months ended 30 June 2011, the subscription rights attaching to 335,155 share options were exercised at the subscription price of HK$2.45, resulting in the issue of 335,155 shares of HK$1.00 each for a total cash consideration of HK$821,000 before expenses.

BUSINESS REVIEW

During the period under review, the demand for TVs in the PRC and global markets slowed down due to various macro-factors, such as America's sluggish economy, the European debt crisis and earthquake in Japan. Nevertheless, the Group was still committed to the following: enhancing the speed and efficiency of its operational and marketing strategies; improving its overall competitiveness in terms of sales and marketing, products and back-end operation; lowering product costs and accelerating operational flow through resources integration; and continuously optimizing its product-mix to enhance its product competitiveness. At the same time, the Group strived to strengthen its sales channel development in rural areas and expand its sales network coverage in third-tier and fourth-tier cities in the PRC. Coupled with its successful marketing and promotional strategies, the Group successfully turned around its business with a profit in the first half of 2011. During the period, the Group recorded a turnover of approximately HK$13,156 million, up 7.5% year-on-year. Meanwhile, gross profit was approximately HK$2,060 million, up 19.7% year-on-year, and gross profit margin increased from 14.1% to 15.7% compared to the same period last year. The Group successfully turned around its business from last year's net loss and recorded a profit attributable to the owners of the parent of approximately HK$131 million. Basic earnings per share was HK12.07 cents (same period in 2010: basic loss per share of HK31.80 cents).

In addition, the Group continued to expand its LCD TV and LED backlight LCD TV businesses vigorously in Overseas Markets by accelerating new products introduction, and strengthening its sales channel management and marketing efforts. The Group also continued to execute its strategy of upgrading towards high-end TV products through self-innovation and R&D, with a strong emphasis on its product competitiveness and supply chain management, in order to speed up inventory turnover. By implementing its upstream and downstream industry chains and vertically integrated plant production, the Group strived to generate synergies, improve operating capabilities, enhance its overall competiveness and realize its corporate strategy of "integration, innovation and internationalization".

TV Sales

During the period under review, the Group sold 4.033 million sets of LCD TV, representing a growth of 23.9% year-on-year. The sales volume of LCD TVs accounted for 64.3% of overall TV sales volume, up 10.9% year-on-year. The Group optimized its product mix and strengthened its product competitiveness in response to market changes. It adopted a market-oriented marketing strategy in order to increase the sales proportion of its LED backlight LCD TVs. The sales volume of the Group's LED backlight LCD TVs rose from 0.599 million sets in the first quarter to 1.379 million sets in the first half of this year, accounting for 34.2% of total LCD TVs sold.

To strengthen its brand image and product promotion capability, the Group actively carried out a number of innovative marketing and promotional campaigns. The TCL brand became an international joint promotion partner of the Hollywood 3D movie "Transformers III" during the period under review, reflecting unprecedented cooperation between the PRC TV manufacturer and Hollywood movie maker to launch promotional activities for TCL-branded products and the movie globally. Moreover, the Group launched its commemorative edition "Smart Change" V8200 series, the world's first Super Smart 3D TV for "Transformers III", at the joint promotional event in Guangzhou, the PRC, in June. It demonstrates the Group's strong 3D and intelligence technology. With Windows and Android dual operating systems, the V8200 series incorporates industry-leading super intelligent technology, progressive 3D technology and a full closure crystal-masking screen TV design, which is also used in the X9200 series, and has been well received by the market. During the period under review, the Group launched 13 new series such as X9200, V8200, P7200, P6100 and V6300 and 31 new products in the PRC Market, in which 13 particular 3D TV products from 6 of the new series have been especially popular among consumers since their launch.

According to the latest research from DisplaySearch, the Group's LCD TV market share in the global market was 4.4% and ranked No. 8 in the first quarter of 2011 while the Group's market share ranked No. 2 in the PRC TV market. Its LCD TV market share in the PRC market was 13.9% and ranked No. 3 in the PRC market.

The Group's sales volumes by region are indicated as below:

	1H 2011 ***('000 sets)***	1H 2010 *('000 sets)*	**Change**
LCD TVs	**4,033**	3,254	+23.9%
Of which:			
LED backlight LCD TVs	**1,379**	–	N/A
– PRC	**2,527**	2,055	+23.0%
– Overseas	**1,506**	1,199	+25.6%
CRT TVs	**2,243**	2,836	(20.9%)
– PRC	**601**	993	(39.5%)
– Overseas	**1,642**	1,843	(10.9%)
Total TV sales volume	**6,276**	6,090	+3.1%
Total AV products sales volume	**9,504**	7,770	+22.3%

The PRC Market

The Group endeavored to enhance its product mix and boost product competitiveness by increasing the sales proportion of LED backlight LCD TVs in total LCD TVs sold, strengthening the promotional intensity of 3D TVs and streamlining its product lines. Meanwhile, the Group reduced costs and improved inventory turnover through resources integration. During the period under review, the Group achieved a satisfactory turnover growth of 14.9% year-on-year in the PRC Market, with the sales volume of LCD TVs increased by 23.0% to 2.527 million sets. In addition, the sales volume of LED backlight LCD TVs increased from 0.403 million sets in the first quarter to 0.915 million sets in the first half of the year, accounting for 36.2% of total LCD TVs sold.

Riding on the strong TV-replacement demand from the third-tier and fourth-tier cities and rural markets in the PRC, the Group further strengthened its sales channels, focused on improving network penetration and store efficiency in its rural distribution channels, it established approximately 2,990 retail outlets in the first half of the year. It also promoted retail network in rural markets, and fully developed e-business and direct sales channels. In the meantime, the Group continued to improve its terminal-sales capabilities and standardize management in urban and rural markets. It also further extended the coverage of its sales network so as to boost sales efficiency.

Overseas Markets

In order to meet consumer demand for LCD TV products, the Group strengthened its sales of LCD TVs and LED backlight LCD TVs in Overseas Markets and recorded encouraging results. During the period under review, sales volume of the Group's LCD TVs reached 1.506 million sets, up 25.6% year-on-year. Given the robust demand in Emerging Markets, the Group continued to improve its channel management and product marketing capabilities. It successfully launched market-oriented promotion strategies and further diversified the product mix to enhance its brand image and market shares as well as accelerated the inventory turnover by improving supply chain management. Therefore, sales volume of the Group's LCD TVs soared 124.3% year-on-year in Emerging Markets, among which key markets such as Brazil, Indonesia, Thailand, etc achieved breakthrough in sales volume.

In addition, the Group strengthened sales management, continued to increase the sales ratio of TCL-branded products and actively controlled the risk by improving inventory turnover in the European Market. In the North American Market, the Group also explored regional sales channels and started to sell TCL-branded products.

AV Products

During the period under review, the Group strengthened the development of its AV business while achieving customer and product diversification. The Group launched 152 new products, including DVD, blue ray, video and digital multimedia broadcasting products. The sales volume of AV products rose 22.3% year-on-year to 9.504 million sets, whereas gross profit margin experienced year-on-year decrease due to expansion of new product lines during the transition period. Therefore, the Group established overseas industrial bases in the regions with cost and logistics advantages and realized bulk shipments, in addition to implementation of measures such as increasing production efficiency per head. With such measures, pressure from rising costs of production was relieved to a certain extent and product competiveness was further strengthened.

R&D

The Group is committed to strengthen its self-innovation and R&D capabilities, it applied for approximately 80 technology patents during the period under review. In terms of technological innovation, the Group launched the Super Smart TV V8200 series which equipped with Windows and Android dual operating systems. This recognized a technological breakthrough in automatic identification and switch between the two operating systems. In the meantime, the V8200 series adopted industry-leading super intelligent technology and progressive 3D technology. Since its launch, the V8200 series has been well-received by the market and in a supply shortage. The Group also achieved a number of important technological breakthroughs, including full closure masking screen TV designs, Internet upgrades to support APP applications and Lumiace techniques.

Outlook

Looking to the second half of 2011, the operating environment for the global TV industry is still full of both challenges and opportunities. A number of uncertain factors, such as sluggish economies in Europe and the U.S.A., as well as the accelerating inflationary pressures in the PRC and property control measures may halt demand growth and intensify competition in the global TV market. On the other hand, the acceleration of the PRC's urbanization and rural development, strong demand for high-end TV products in the third-tier and fourth-tier cities and rural markets in the PRC, as well as the upcoming traditional peak selling season in the second half of the year will all generate growth momentum for TV sales. Therefore, the Group will accelerate its development in the PRC's third-tier and fourth-tier cities and rural markets by continuing to expand its sales channels and network and to fully develop its e-business and direct sales channels so as to focus on promoting its sales growth in those markets. In addition, the Group will continue to enhance the speed and efficiency of its operating and marketing strategies, improve supply chain management and boost its operational efficiency through reducing the expense ratio and speeding up turnover of inventory and trade receivable.

With the quick popularization of LED backlight LCD TVs and comprehensive promotion of 3D TVs, Smart TVs are set to become another trend in the PRC Market. The Group has seized the market development opportunity by optimizing its product mix in time to respond to changes in market demand. In addition to further promoting its LED backlight LCD TV business, the Group is keen on developing high-end products, such as 3D TVs, Internet TVs and Smart TVs, in an effort to strengthen its market share and profitability in the PRC Market.

In Overseas Markets, the Group will continue to improve its risk control systems and to increase its investment in TCL-branded products in order to maintain healthy development of its business. The Group will continue to seize every opportunity for product transition and rapid development of chain sales channels in Emerging Markets, optimize channel management as well as increase product promotion to gain market share and enhance profitability. Meanwhile, the Group will further optimize its supply chain, adopt dual-brand strategy and operate its business model with its own brands and industrial sales model in the European Market. In the North American Market, the Group will continue to carry out operational risk control, strengthen TCL brand building efforts, explore national sales channels by seeking other innovative sales channels, and provide industrial support to key strategic OEM clients in order to further strengthen strategic partnerships with them.

Leveraging the advantages of its accumulated technology and client base, the Group will explore new production lines for its AV business, among which media players with internet functions will be launched in the market. The Group will also develop TCL-branded products, including satellite boxes and sound bar products. Against a backdrop of rising operating costs, the Group will continue to reduce production costs and strengthen product competitiveness through improvement in its production process, production efficiency and globalized industry chain structure.

The 8.5-generation LCD panel production plant of Shenzhen Huaxing Photoelectrics Technology Company Limited, a joint venture among TCL Corporation (the Group's ultimate holding company), the Shenzhen Municipal Government and Samsung (South Korea), is expected to start trial-production in the third quarter. This will provide strategic support for the supply of the Group's LCD panels, generate synergy and strengthen its overall competitiveness. Thus, it will lay an excellent foundation for the Group's healthy sustainable development in future. Meanwhile, the acquisition of TCL Optoelectronics Technology (Huizhou) Co., Ltd. (primarily engages in LCD module business) will help further realize the Group's vertical integration strategy. It will also generate cost synergy, create new revenue streams and significantly improve the Group's competitiveness with regard to TV manufacturing capabilities. In addition, to cope with its surging sales demand, the Group is planning to build a vertically integrated LCD TV production plant, with an annual production capacity of 3 million sets, in Hohhot, Inner Mongolia. The Group believes that with the further extension of its industry chain, its core competiveness and brand influence will be further strengthened in future. As a result, the Group's corporate strategy, with an emphasis on "integration, innovation and internationalization", will be further realized and extended.

FINANCIAL REVIEW

Significant Investments, Acquisitions and Disposals

On 17 June 2011, TCL King Electrical Appliances (Huizhou) Co. Ltd., a wholly-owned subsidiary of the Company, entered into an agreement with the People's Government of Hohhot in relation to an investment project which involves construction of a vertically integrated LCD TV production plant in Hohhot, Inner Mongolia. It is expected that the total investment of the project will be in the amount of RMB561,000,000 (equivalent to approximately HK$675,415,000).

On 27 June 2011, the Company entered into an acquisition agreement with TCL Corporation, pursuant to which the Company agreed to acquire the entire equity interest of TCL Optoelectronics Technology (Huizhou) Co., Ltd. and its subsidiary Huizhou TCL Coretronics Co., Ltd. from TCL Corporation for a consideration of RMB655,572,000 (equivalent to approximately HK$788,791,000). The purchase price will be settled by way of issue and allotment of 246,497,191 new shares by the Company at an issue price of HK$3.20 per new share. The acquisition (including the acquisition agreement) has been approved by the independent shareholders in the extraordinary general meeting held on 5 August 2011.

Regarding disclosure on significant disposals, please refer to note 11.

Liquidity and Financial Resources

The Group's principal financial instruments comprise bank loans, factorings, cash and short-term deposits. The main objective for the use of these financial instruments is to maintain a continuity of funding and flexibility at the lowest cost possible.

The cash and bank balance of the Group as at 30 June 2011 amounted to HK$3,025,007,000 of which 5.5% was maintained in Hong Kong dollars, 35.3% in US dollars, 54.3% in Renminbi, 1.3% in Euro and 3.6% held in other currencies for the overseas operations.

There was no material change in available credit facilities when compared with the year ended 31 December 2010 and there was no asset held under finance lease as at 30 June 2011.

As at 30 June 2011, the Group's gearing ratio was 7.8% which is calculated based on the Group's net borrowing of approximately HK$256,993,000 (calculated as total interest-bearing borrowings less pledged deposits and cash and bank balances) and the equity attributable to owners of the parent of approximately HK$3,283,299,000. The maturity profile of the borrowings is from one to four years.

Pledge of Assets

Please refer to notes 13 and 14.

Capital Commitments and Contingent Liabilities

As at 30 June 2011, the Group had capital commitments of approximately HK$122,532,000 (31 December 2010: HK$119,000) and HK$556,752,000 (31 December 2010: HK$4,800,000) which were contracted but not provided for and authorized but not contracted for, respectively. There was no significant change in contingent liabilities of the Group compared to the position outlined in the annual report for 2010.

Pending Litigations

Save as disclosed in the Group's results announcement of the year ended 31 December 2010, the Group had not been involved in any other material litigation for the six months ended 30 June 2011.

On 7 April 2011, in relation to the Alleged Claims (as defined in the Group's results announcement of the year ended 31 December 2010) made by the official liquidator of TTE Europe SAS ("TTE Europe", a wholly-owned subsidiary of the Group which had been deconsolidated in 2007) (the "Receiver") in the Commercial Court of Nanterre of France against, amongst others, various companies in the Group, various companies in the Group reached a settlement with the Receiver (the "Settlement"). Pursuant to the Settlement, the relevant condition precedents have been completed, the Group paid Euro 11,666,666 (equivalent to approximately HK$128,456,000) to the Receiver accordingly as full and final settlement of the Alleged Claims.

The Labour Claim (as defined in the Group's results announcement of the year ended 31 December 2010) made by a group of former employees of TTE Europe against the Company, TTE Europe and TCL Belgium S.A. (a wholly-owned subsidiary of the Company) was also settled during the period under review.

Of those litigations mentioned above, there was no outstanding claim.

Foreign Exchange Exposure

Due to its international presence and operation, the Group is facing foreign exchange exposure including transaction exposure and translation exposure.

It is the Group's policy to centralise foreign currency management to monitor the Company's total foreign currency exposure, to net off affiliate positions and to consolidate hedging transactions with banks. The Group emphasises the importance of trading, investing and borrowing in functional currency to achieve natural hedging. In line with the aim of prudent financial management, the Group does not engage in any high risk derivative trading or leveraged foreign exchange contracts.

Employee and Remuneration Policy

The Group had a total of 25,571 dynamic and talented employees. They were all dedicated to advancing the quality and reliability of our operations. Remuneration policy was reviewed regularly, making reference to current legislation, market condition and both the individual and the Company's performance. In order to align the interests of staff with those of shareholders, share options were granted to employees under the Company's share option schemes. Options to subscribe for a total of 24,485,185 shares remained outstanding at the end of the reporting period.

An award scheme dated 6 February 2008 (the "Award Scheme") was also adopted by the Company pursuant to which existing shares would be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the Award Scheme.

PURCHASES, SALE OR REDEMPTION OF SHARES

Pursuant to the rules of the Award Scheme adopted by the Company on 6 February 2008, the Company purchased from the market a total of 9,514,000 shares being the awarded shares. The total amount paid to acquire such shares during the period was about HK$29,955,000.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information which would reasonably indicate that the Company had not, throughout the six months ended 30 June 2011, complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's condensed consolidated financial statements for the six months ended 30 June 2011, including the accounting principles adopted by the Group, with the Company's management.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a model code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

On behalf of the Board
LI Dongsheng
Chairman

Hong Kong, 8 August 2011

As at the date of this announcement, the Board comprises LI Dongsheng, BO Lianming, ZHAO Zhongyao, YU Guanghui, and XU Fang as executive directors, Albert Thomas DA ROSA, Junior and HUANG Xubin as non-executive directors and TANG Guliang, Robert Maarten WESTERHOF, WU Shihong and TSENG Shieng-chang Carter as independent non-executive directors.