

Global and China FPTV Industry Report, 2008-2009

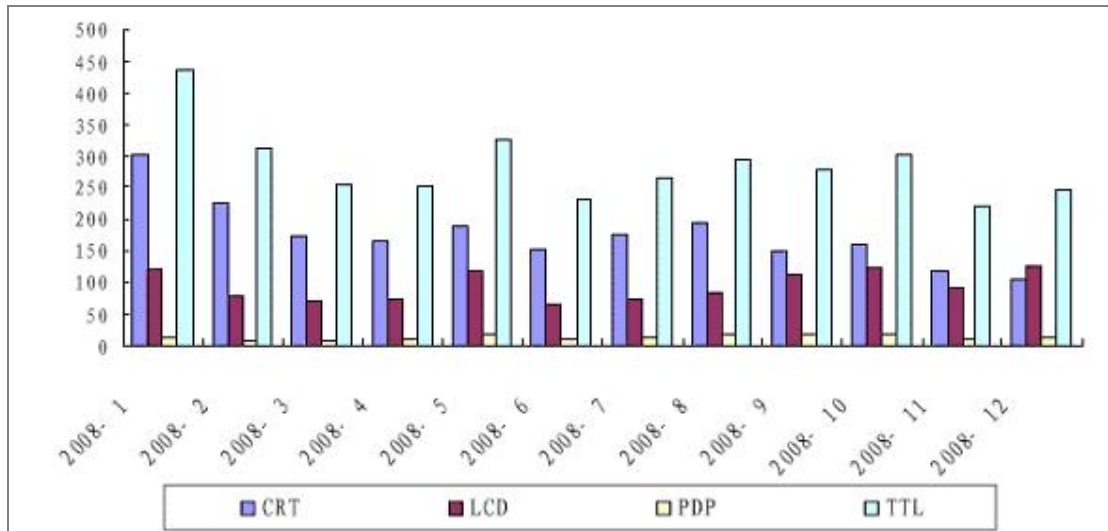
April 2009



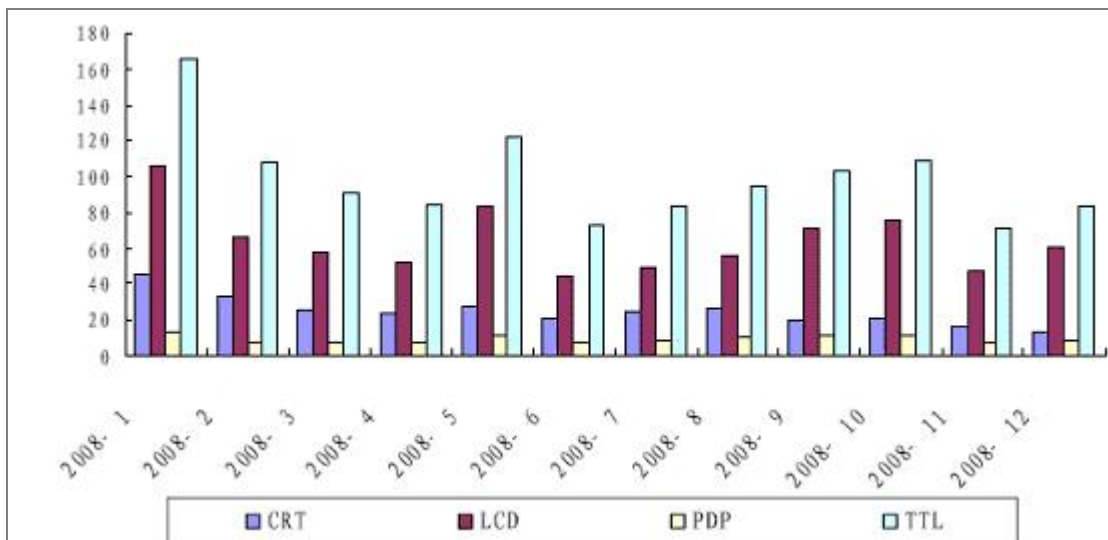
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2.2 China TV Market Review, 2008

China's Color Television Sales Value by Different Type, Jan-Dec, 2008



China's Color Television Sales Volume by Different Type, Jan-Dec.2008



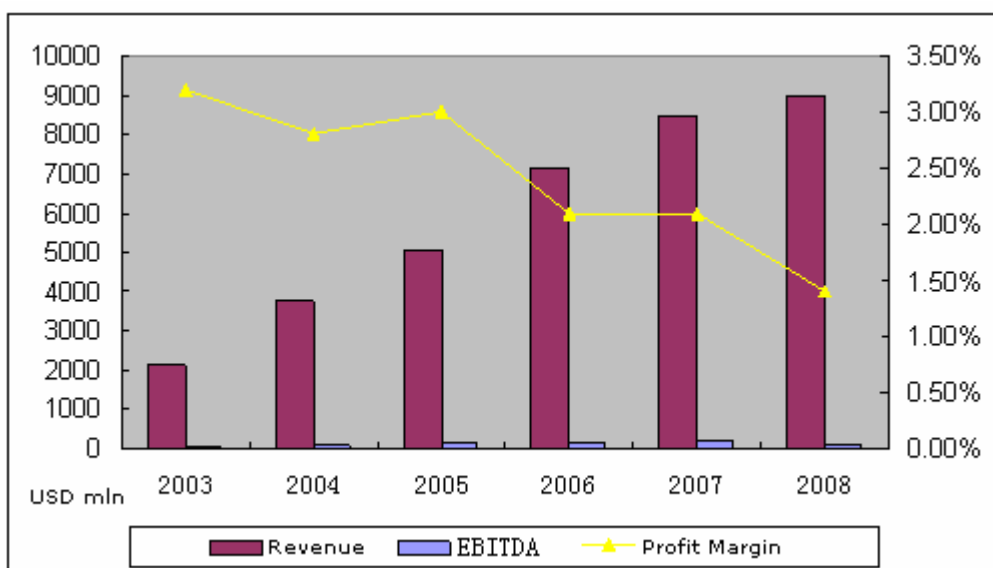
5.2 AOC

Headquartered in Taiwan, AOC was founded in 1967 and renamed to be TPV in 1990. In 2004, it acquired display business and partial FPTV business of Philips. In 2008, its LCD-TV OEM business took about 17% of its total revenue.

Philips, the biggest shareholder of AOC, takes 12% equity of AOC. Besides, AOC is the OEM of Philips in computer display and LCD TV. At the end of 2007, AOC established strategic cooperation with Chimei, a leading LCD panel manufacturer. Chimei acquired 150.5 million shares (7.66% of AOC's total) of AOC with HKD811 million, becoming the third largest shareholder of AOC. AOC also purchased the assets of Display OEM business of Chimei with HKD300.3 million.

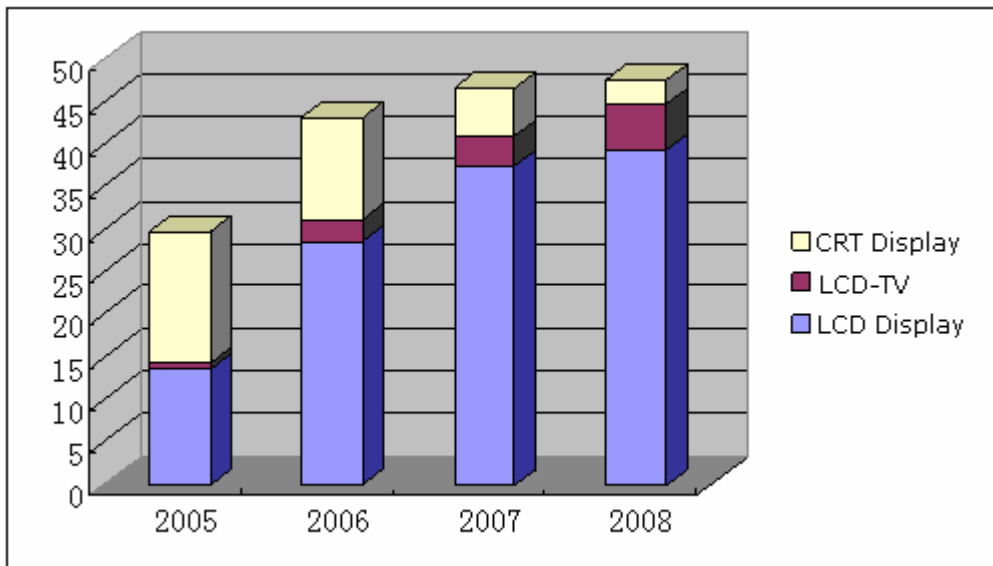
According to the acquisition agreement of AOC, in the coming three years, Chimei will solely provide LCD panel and LCD panel modules to AOC; Chimei as well as its subsidiaries will not set foot in the display OEM business.

Revenue and Profit of AOC, 2003-2008



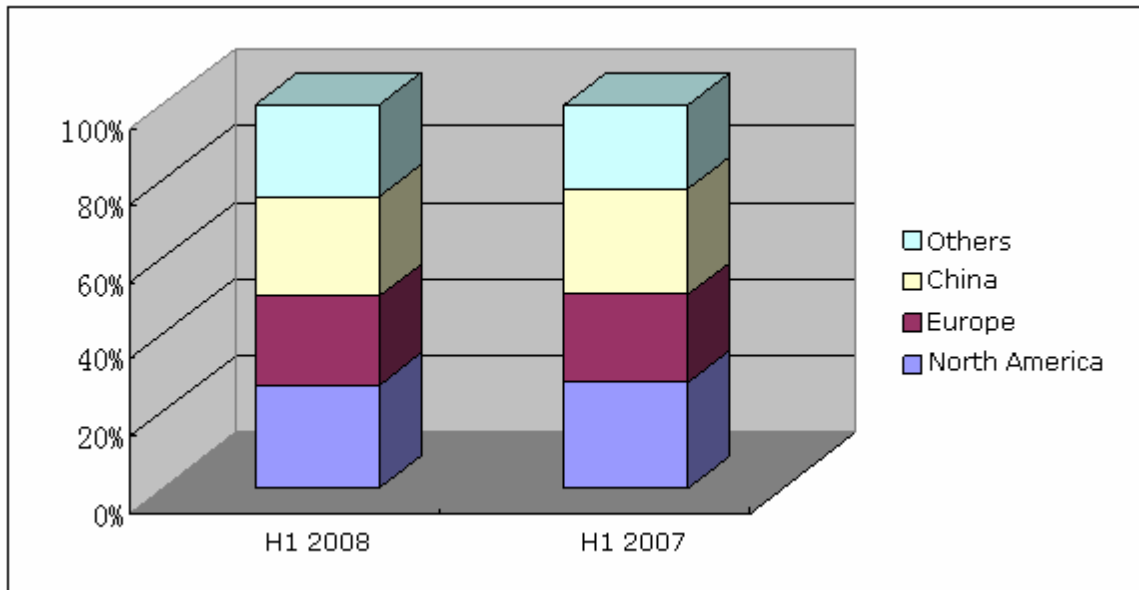
	2003	2004	2005	2006	2007	2008
Revenue(USD mln)	2135	3738	5054	7176	8455	8992
EBITDA (USD mln)	69	104	150	152	180	125
Profit Margin	3.2%	2.8%	3.0%	2.1%	2.1%	1.4%

AOC's Shipment and Product Structure, 2005-2008



	2005	2006	2007	2008
LCD Display	13.6	28.6	37.4	39.2
LCD-TV	0.65	2.4	3.6	5.5
CRT Display	15.4	12.0	5.6	2.9

AOC's Regional Revenue Structure, 2007-2008



	North America	Europe	China	Others
H1 2008	26.9%	23.2%	25.7%	24.2%
H1 2007	27.5%	22.8%	27.7%	22.0%

AOC has 6 plants in Mainland China, which are distributed in Beijing, Wuhan, Suzhou, Ningbo and Fuqing. It also owns two plants respectively in Poland and Brazil, targeting Europe and America. Its LCD-TV bases are located in Poland, and Suzhou and Fuqing of China. Its Suzhou base previously was the display base of Philips, mainly doing TV OEM for Philips, focusing on large-size TV. While its Fuqing base focuses on small-size TV, mainly targeting clients outside Philips. In the future, its Ningbo base may increase TV production lines. Its bases in Wuhan and Fuqing both are TFT-LCM module production lines, producing 25% modules of AOC's total.

In May 2007, AOC purchased 33 hectares land in Poland, among which, eight hectares for the self use of the company, and the left will be for the use and development of the matched enterprises in China. The constructed display and LCD TV plants here plans to be put into production in March of 2008, with initial production capacity of four million LCD TV sets and displays, and the production capacity can be expanded to eight million sets in its long-term planning.

Ningbo AOC Technology Co., Ltd was set up in Ningbo city in 2H2006, and it began trial production in early Nov.2006 and mainly engaged in the R&D, manufacture and sales of LCD, liquid crystal TV as well as other display products and relevant components. At present, Ningbo AOC and ChiMei are the key leading PV enterprises in Ningbo Bonded Area.

On April 10th 2008, the second factory area of ACO Technology (Ningbo) began trial production, and the annual output would reach three million LCD sets and four million LCD sets. Plus the annual output of five million LCD sets in the first factory area, the annual LCD output of AOC Technology (Ningbo) will increase from one million sets to eight million sets or nine million sets in 2009.

Production Capacity and Quantity of AOC Production Bases in Regions

	CRT		LCD		LCD-TV		PDP		Total	
	Line	Cap.(K/M)	Line	Cap.(K/M)	Line	Cap.(K/M)	Line	Cap.(K/M)	Line	Cap.(K/M)
Fuqing	5	632	16	2,172	5	211			26	3,015
Beijing	1.5	222	2.5	377			2	22	6	621
Wuhan	2	252	4	761					6	1,013
Suzhou			2	378	5	400			7	778
Ningbo			2	335					2	335
Brazil	2	135	1	125					3	260
Sub total	10.5	1,241	27.5	4,148	10	611	2	22	50	6,022
Mexico	1	40	2	80					3	120
Poland					3	75			3	75
Sub-con total	1	40	2	80	3	75			6	195
Total	11.5	1,281	29.5	4,228	13	686	2	22	56	6,217

AOCLCD-TV foundry clients are mainly Philips and display vendors such as Dell, HP and ViewSonic, with the focus on 26-inch-below LCD-TV. Its average selling price in 2008 was US\$400, a reduction of US\$73 in the same period of last year. And the average size was 26.6-inch.

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