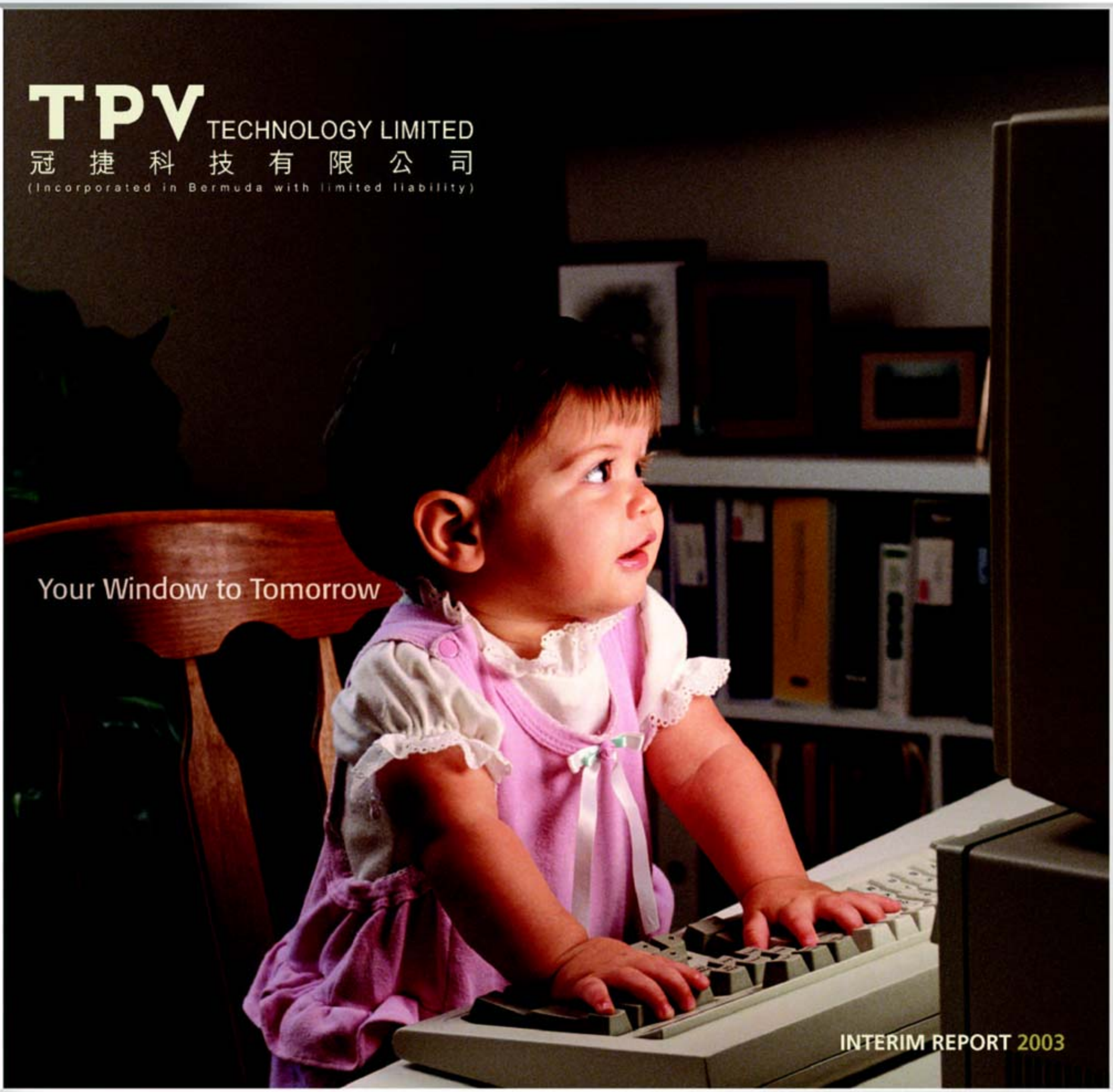
TPV TECHNOLOGY LIMITED

冠捷科技有限公司

(Incorporated in Bermuda with limited liability)

Your Window to Tomorrow



INTERIM REPORT 2003

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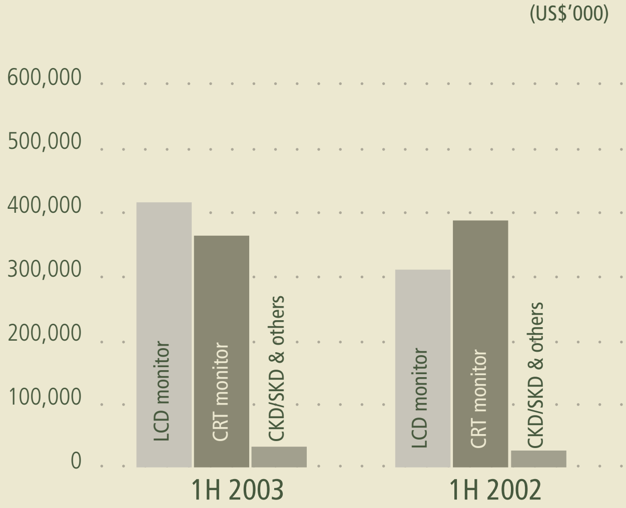
TPV TECHNOLOGY LIMITED
冠捷科技有限公司

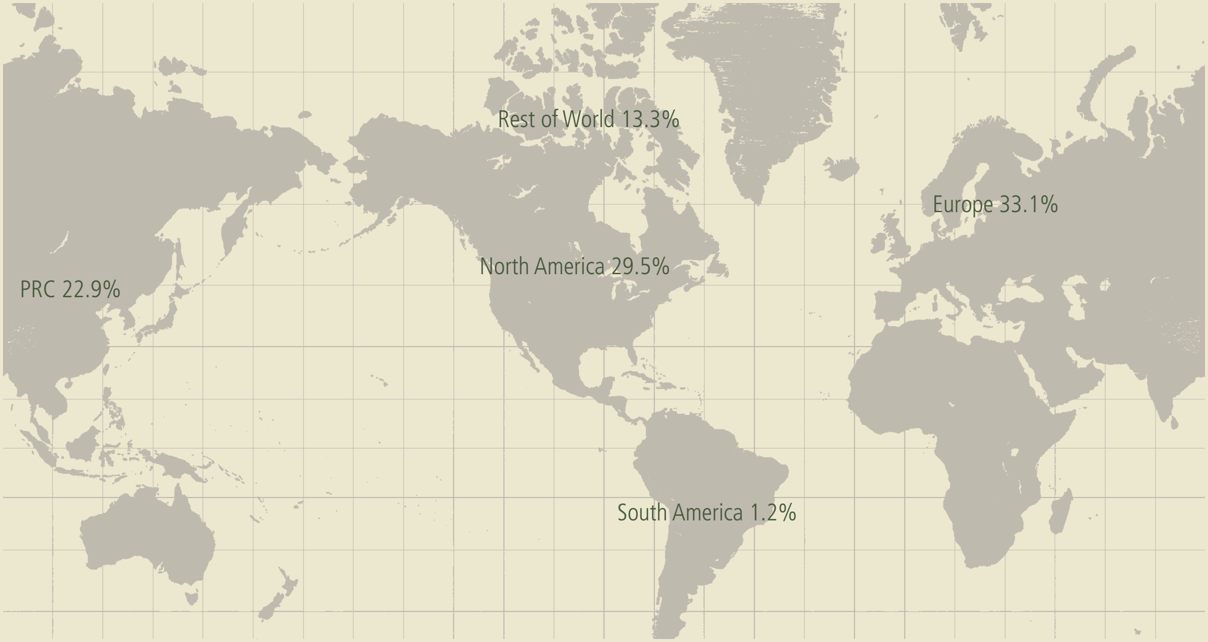
RESULTS HIGHLIGHTS

TURNOVER BY PRODUCT

	1H 2003	1H 2002
LCD monitor (US$'000)	405,148	308,669
CRT monitor (US$'000)	379,673	391,743
CKD/SKD & others (US$'000)	18,256	11,191



PERCENTAGE TURNOVER BY GEOGRAPHICAL AREA



CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30TH JUNE 2003

	Note	Unaudited Six months ended 30th June **2003** **US$'000**	 2002 US$'000 (restated)
Turnover	2	**803,077**	711,603
Cost of goods sold		**(736,705)**	(653,688)
Gross profit		**66,372**	57,915
Other revenues		**4,687**	1,316
Selling and distribution expenses		**(25,846)**	(16,972)
Administrative expenses		**(5,985)**	(10,101)
Research and development expenses		**(6,841)**	(5,195)
Operating profit	2, 3	**32,387**	26,963
Finance costs		**(1,391)**	(1,253)
Share of profits less losses of associated companies		**1,046**	1,983
Profit before taxation		**32,042**	27,693
Taxation	4	**(1,951)**	(841)
Profit attributable to shareholders		**30,091**	26,852
Interim dividend	5	**4,184**	3,729
Earnings per share	6		
- Basic		**US2.24 cents**	US2.18 cents
- Fully diluted		**US2.19 cents**	US2.10 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH JUNE 2003 AND 31ST DECEMBER 2002

	Note	**Unaudited 30th June 2003 US$'000**	Audited 31st December 2002 US$'000 (restated)
Non-current assets			
Fixed assets	7	**37,070**	40,696
Intangible assets	8	**6,086**	6,346
Interests in associated companies		**21,592**	20,669
Other investments		**2,350**	602
Deferred tax assets	15	**4,711**	4,136
		71,809	72,449
Current assets			
Inventories		**212,125**	173,971
Trade receivables	9	**224,139**	203,179
Trade amounts due from associated companies	10	**18,516**	15,780
Deposit to a supplier		**-**	25,110
Deposits, prepayments and other receivables		**45,951**	32,680
Pledged bank deposits	13	**31,304**	36,494
Bank balances and cash		**166,621**	218,271
		698,656	705,485
Current liabilities			
Trade payables	11	**351,912**	392,318
Amount due to an associated company		**-**	11,519
Other payables and accruals		**50,926**	51,099
Taxation payable		**1,225**	2,147
Warranty provisions	12	**10,867**	10,300
Short-term bank loans, secured	13	**28,296**	10,928
Current portion of long-term bank loans, unsecured	16	**12,500**	-
		455,726	478,311
Net current assets		**242,930**	227,174
Total assets less current liabilities		**314,739**	299,623
Financed by:			
Share capital	14	**13,496**	13,325
Reserves		**255,178**	227,904
Proposed dividends		**4,184**	7,013
		259,362	234,917
Shareholders' funds		**272,858**	248,242
Non-current liabilities			
Pension obligations		**1,381**	1,381
Long-term bank loans, unsecured	16	**40,500**	50,000
		314,739	299,623

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE 2003

	Unaudited Six months ended 30th June	
	2003	2002
	US$'000	US$'000
Net cash outflow from operating activities	**(65,328)**	(75,533)
Net cash outflow from investing activities	**(5,014)**	(7,080)
Net cash inflow from financing activities	**18,604**	101,896
(Decrease)/increase in cash and cash equivalents	**(51,738)**	19,283
Cash and cash equivalents at 1st January	**218,271**	49,359
Effect of foreign exchange rate changes	**88**	224
Cash and cash equivalents at 30th June	**166,621**	68,866
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	**166,621**	68,866

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE 2003

	Unaudited								
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Share redemption reserve US$'000	Exchange reserve US$'000	Reserve fund US$'000	Merger difference US$'000	Retained profits US$'000	Total US$'000
At 1st January 2003, as previously reported	13,325	66,395	8,461	11	(7,013)	15,994	10,001	136,932	244,106
Recognition of deferred tax assets (Note 15)	-	-	-	-	-	-	-	4,136	4,136
At 1st January 2003, as restated	13,325	66,395	8,461	11	(7,013)	15,994	10,001	141,068	248,242
2002 final dividend paid	-	-	-	-	-	-	-	(7,013)	(7,013)
Issue of new shares pursuant to exercise of share options (Note 14)	172	1,312	-	-	-	-	-	-	1,484
Repurchase of shares (Note 14)	(1)	(33)	-	1	-	-	-	(1)	(34)
Profit for the period	-	-	-	-	-	-	-	30,091	30,091
Exchange differences	-	-	-	-	88	-	-	-	88
At 30th June 2003	**13,496**	**67,674**	**8,461**	**12**	**(6,925)**	**15,994**	**10,001**	**164,145**	**272,858**
Represented by:									
Reserves	13,496	67,674	8,461	12	(6,925)	15,994	10,001	159,961	268,674
Proposed interim dividend	-	-	-	-	-	-	-	4,184	4,184
At 30th June 2003	**13,496**	**67,674**	**8,461**	**12**	**(6,925)**	**15,994**	**10,001**	**164,145**	**272,858**
At 1st January 2002, as previously reported	12,154	28,129	4,166	11	(7,169)	13,989	10,001	97,454	158,735
Recognition of deferred tax assets (Note 15)	-	-	-	-	-	-	-	3,920	3,920
As 1st January 2002, as restated	12,154	28,129	4,166	11	(7,169)	13,989	10,001	101,374	162,655
2001 final dividend paid	-	-	-	-	-	-	-	(5,887)	(5,887)
Issue of new shares pursuant to exercise of share options	113	841	-	-	-	-	-	-	954
Allotment of new shares	1,050	37,343	-	-	-	-	-	-	38,393
Profit for the period	-	-	-	-	-	-	-	26,852	26,852
Exchange differences	-	-	-	-	224	-	-	-	224
At 30th June 2002	13,317	66,313	4,166	11	(6,945)	13,989	10,001	122,339	223,191
Represented by:									
Reserves	13,317	66,313	4,166	11	(6,945)	13,989	10,001	118,610	219,462
Proposed interim dividend	-	-	-	-	-	-	-	3,729	3,729
At 30th June 2002	13,317	66,313	4,166	11	(6,945)	13,989	10,001	122,339	223,191

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited consolidated condensed accounts are prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants ("HKSA").

These condensed accounts should be read in conjunction with the 2002 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31st December 2002 except that the Group has changed its accounting policy following its adoption of SSAP 12 (revised) "Income Taxes". The Group has also adopted SSAP 35 "Accounting for Government Grants and Disclosure of Government Assistance" issued by the HKSA. SSAP 12 (revised) and SSAP 35 are effective for accounting periods commencing on or after 1st January 2003 and 1st July 2002, respectively.

The changes to the Group's accounting policies and the effect of adopting these new standards are set out below:

(a) SSAP 12 (revised): Income Taxes

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior years, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of SSAP 12 (revised) represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in the Condensed Consolidated Statement of Changes in Equity, opening retained earnings at 1st January 2002 and 2003 have been increased by US$3,920,000 and US$4,136,000, respectively, which represent the unprovided net deferred tax assets. This change has resulted in an increase in deferred tax assets at 31st December 2002 by US$4,136,000. No deferred taxation has been charged directly to equity for the six months ended 30th June 2002.

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) SSAP 35: Accounting for Government Grants and Disclosure of Government Assistance

A government grant is recognized, where there is a reasonable assurance that the Group will comply when the conditions attaching with it and that the grant will be received.

The adoption of SSAP 35 has no material effect on the Group's accounts for the current period and the prior year.

2 SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of computer monitors and related products. The Group is organised on a worldwide basis into three main business segments: CRT monitors, LCD monitors and others (including production of CKD/SKD and the trading of spare parts).

Primary reporting format - business segments

	Six months ended 30th June 2003			
	CRT monitors US$'000	LCD monitors US$'000	Others (note (a)) US$'000	Group US$'000
Turnover	379,673	405,148	18,256	803,077
Cost of goods sold	(336,496)	(382,929)	(17,280)	(736,705)
Other revenues excluding interest income, export incentives received and fiscal refund	1,080	1,153	52	2,285
Operating expenses	(25,747)	(11,568)	(1,357)	(38,672)
Segment results	18,510	11,804	(329)	29,985
Interest income				735
Export incentives received				334
Fiscal refund (Note (b))				1,333
Operating profit				32,387
Finance costs				(1,391)
Share of profits less losses of associated companies	1,046	-	-	1,046
Profit before taxation				32,042
Taxation				(1,951)
Profit attributable to shareholders				30,091

2 SEGMENT INFORMATION (CONTINUED)

	Six months ended 30th June 2002			
	CRT monitors US$'000	LCD monitors US$'000	Others (Note (a)) US$'000	Group US$'000
Turnover	391,743	308,669	11,191	711,603
Cost of goods sold	(351,318)	(291,406)	(10,964)	(653,688)
Other revenues excluding interest income and export incentives received	69	12	4	85
Operating expenses	(23,656)	(7,266)	(1,346)	(32,268)
Segment results	16,838	10,009	(1,115)	25,732
Interest income				678
Export incentives received				553
Operating profit				26,963
Finance costs				(1,253)
Share of profits less losses of associated companies	1,983	-	-	1,983
Profit before taxation				27,693
Taxation				(841)
Profit attributable to shareholders				26,852

Notes:

(a) Others include sales of chassis, spare parts and CKD/SKD.
(b) The amount represents fiscal refund received from the Fuqing Municipal Finance Bureau by a subsidiary during the period.
(c) There are no sales or other transactions between the business segments.

2 SEGMENT INFORMATION (CONTINUED)

Secondary reporting format - geographical segments

	Turnover Six months ended 30th June		Operating profit/(loss) Six months ended 30th June	
	2003	2002	**2003**	2002
	US$'000	US$'000	**US$'000**	US$'000
Geographical segments:				
Europe	**266,016**	253,404	**7,155**	10,654
North America	**236,716**	155,517	**12,732**	6,829
South America	**9,390**	8,171	**(589)**	(1,060)
Africa	**5,064**	5,202	**53**	77
Australia	**22,969**	10,111	**720**	1,202
Asia				
- PRC	**184,171**	180,114	**9,960**	6,103
- other Asian countries	**78,751**	99,084	**2,356**	3,158
	803,077	711,603	**32,387**	26,963

Sales are based on the region in which the final destination of shipment is located. There are no sales between the geographical segments.

3 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30th June	
	2003	2002
	US$'000	US$'000
<u>Crediting</u>		
Net exchange gains	**1,404**	12
Fiscal refund	**1,333**	-
<u>Charging</u>		
Depreciation	**6,839**	8,619
Staff costs (including directors' emoluments and retirement benefit costs)	**18,692**	14,550
Retirement benefit costs	**124**	118
Amortization of intangible assets	**260**	259
Loss on disposal of fixed assets	**53**	113
Provision for warranty	**8,647**	6,709
Provision for doubtful debts	**342**	1,047

4 TAXATION

No provision has been made for Hong Kong profits tax as the Group has no profit assessable to Hong Kong profits tax for the period (six months ended 30th June 2002: Nil).

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

The amount of taxation charged to the consolidated profit and loss account represents:

	Six months ended 30th June	
	2003	2002
	US$'000	US$'000
Current taxation:		
Overseas taxation		
- Current year	**2,092**	2,489
- Under provision in the previous year	**310**	-
Deferred taxation relating to the origination and reversal of temporary differences	**(575)**	(1,820)
	1,827	669
Share of taxation attributable to associated companies	**124**	172
Taxation charge	**1,951**	841

5 INTERIM DIVIDEND

	Six months ended 30th June	
	2003	2002
	US$'000	US$'000
2003 Interim, declared on 8th September 2003 of US0.31 cent (2002: US0.28 cent) per ordinary share	**4,184**	3,729

6 EARNINGS PER SHARE

The calculations of basic and fully diluted earnings per share are based on the Group's profit attributable to shareholders of US$30,091,000 for the six months ended 30th June 2003 (six months ended 30th June 2002: US$26,852,000).

The basic earnings per share is based on the weighted average number of 1,343,791,553 (2002: 1,230,852,214) ordinary shares in issue during the period.

The fully diluted earnings per share is based on 1,373,522,263 (2002: 1,276,944,454) ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 29,730,710 (2002: 46,092,240) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

7 CAPITAL EXPENDITURE

	Fixed assets US$'000
Six months ended 30th June 2003	
Opening net book amount	40,696
Additions	3,266
Disposals	(53)
Depreciation	(6,839)
Closing net book amount	37,070

As at 30th June 2003, the net book value of fixed assets pledged to banks to secure banking facilities granted to the Group amounted to approximately US$26.1 million (31st December 2002: US$33.9 million).

8 INTANGIBLE ASSETS

	Goodwill US$'000	Trademarks US$'000	Total US$'000
Six months ended 30th June 2003			
Opening net book amount	5,759	587	6,346
Amortization charge	(234)	(26)	(260)
Closing net book amount	5,525	561	6,086
At 30th June 2003			
Costs	7,010	800	7,810
Accumulated amortization	(1,485)	(239)	(1,724)
Net book amount	5,525	561	6,086
At 31st December 2002			
Costs	7,010	800	7,810
Accumulated amortization	(1,251)	(213)	(1,464)
Net book amount	5,759	587	6,346

9 TRADE RECEIVABLES

The ageing analysis of trade receivables is as follows:

	0-30 days US$'000	31-60 days US$'000	61-90 days US$'000	91-120 days US$'000	Over 120 days US$'000	Total US$'000
Balance at 30th June 2003	**159,892**	**44,102**	**11,058**	**4,793**	**4,294**	**224,139**
Balance at 31st December 2002	106,507	54,127	25,074	6,645	10,826	203,179

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

10 TRADE AMOUNTS DUE FROM ASSOCIATED COMPANIES

The amounts due from associated companies are unsecured and interest-free. The ageing analysis of trade amounts due from associated companies is as follows:

	0-30 days US$'000	31-60 days US$'000	61-90 days US$'000	91-120 days US$'000	Over 120 days US$'000	Total US$'000
Balance at 30th June 2003	**6,152**	**9,553**	**2,454**	**357**	**-**	**18,516**
Balance at 31st December 2002	6,365	7,941	1,474	-	-	15,780

The Group's sales to associated companies are on credit terms of between 30 to 120 days.

11 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	0-30 days US$'000	31-60 days US$'000	61-90 days US$'000	Over 90 days US$'000	Total US$'000
Balance at 30th June 2003	**186,622**	**91,784**	**32,518**	**40,988**	**351,912**
Balance at 31st December 2002	127,238	78,950	74,277	111,853	392,318

12 WARRANTY PROVISIONS

	US$'000
At 1st January 2003	10,300
Charged to the profit and loss account	8,647
Utilized during the period	(8,080)
At 30th June 2003	10,867

The Group gives three-year warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. The provision as at 30th June 2003 has been made for expected warranty claims on products sold during the last thirty-six months. It is expected that the majority of this expenditure will be incurred in the next twelve months, and all will be incurred within two years of the balance sheet date.

13 PLEDGE OF ASSETS

Approximately US$26.1 million (31st December 2002: US$33.9 million) of the carrying value of fixed assets, US$46.0 million (31st December 2002: US$46.0 million) of inventories and US$31.3 million (31st December 2002: US$36.5 million) of bank deposits have been pledged to secure general banking facilities amounting to US$547.3 million (31st December 2002: US$477.0 million) granted to the Group. As at 30th June 2003, the amount so utilized amounted to US$12.0 million (31st December 2002: US$10.9 million).

14 SHARE CAPITAL

	30th June 2003 US$'000	31st December 2002 US$'000
Authorized:		
4,000,000,000 (31st December 2002: 4,000,000,000) ordinary shares of US$0.01 each	**40,000**	40,000
Issued and fully paid: 1,349,635,264 (31st December 2002: 1,332,515,264) ordinary shares of US$0.01 each	**13,496**	13,325

The movements in issued share capital of the Company are as follows:

	Note	Number of issued ordinary shares of US$0.01 each	Par value US$'000
At 31st December 2002		1,332,515,264	13,325
Issue of shares pursuant to exercise of share options	(a)	17,262,000	172
Repurchase of shares	(b)	(142,000)	(1)
At 30th June 2003		1,349,635,264	13,496

14 SHARE CAPITAL (CONTINUED)

Notes:

(a) The Company has share option schemes as detailed on pages 24 to 26 of this interim report, under which it may grant options to employees of the Group to subscribe for shares in the Company. Movements in the Company's share options during the six months ended 30th June 2003 are set out below:

		Number of share options				
Date of grant	**Exercise price HK$**	**at 1st January 2003**	**granted during the period**	**exercised during the period**	**lapsed during the period**	**at 30th June 2003**
26th February 2001	0.670	49,476,000	-	(17,262,000)	-	32,214,000
2nd May 2002	3.300	37,140,000	-	-	(438,000)	36,702,000
1st August 2002	2.325	31,796,000	-	-	(54,000)	31,742,000

(b) During the period, the Company repurchased a total of 142,000 of its own shares through The Stock Exchange of Hong Kong Limited at prices ranging from HK$1.89 (US$0.242) to HK$1.90 (US$0.244) per share, for a total consideration of approximately HK$269,380 (US$34,536). The repurchased shares were cancelled and an amount equivalent to the nominal value of such shares was transferred from retained profits to share redemption reserve and the premium paid on the repurchased shares was charged against share premium account.

15 DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using the rates of taxation that are expected to apply to the period when the asset is realized or the liability is settled.

The movement on the deferred tax assets account is as follows:

	Six months ended 30th June 2003 US$'000	Year ended 31st December 2002 US$'000
At the beginning of the period/year	**4,136**	3,920
Deferred taxation credited to the profit and loss account	**575**	216
At the end of the period/year	**4,711**	4,136

No deferred taxation was charged to equity during the period (year ended 31st December 2002: Nil).

16 LONG-TERM BANK LOANS, UNSECURED

The long-term bank loans are repayable as follows:

	30th June 2003 US$'000	31st December 2002 US$'000
Within one year	**12,500**	-
In the second year	**38,250**	25,000
In the third to fifth year	**2,250**	25,000
	53,000	50,000
Less: Amounts repayable within one year	**(12,500)**	-
	40,500	50,000

The loans are secured by unconditional and irrevocable guarantees issued by two subsidiaries of the Company, namely Top Victory International Limited and Top Victory Investments Limited.

17 CONTINGENT LIABILITIES

(a) Corporate guarantees

	30th June 2003 US$'000	31st December 2002 US$'000
Guarantees in respect of banking facilities granted to an associated company	**15,036**	25,036

(b) At 30th June 2003, the Group had outstanding commitment to sell Euros for US dollars under forward exchange contracts of US$22.4 million (31st December 2002: US$57.1 million) in order to hedge the Group's exposure in Euros arising from the sales to Europe.

(c) In April 2003, a third party company commenced legal action in the United States of America against the Company and its distributor. This action claims damages related to alleged infringement of certain patents in respect of liquid crystal display technology (the "Patents-in-suit").

It is alleged among other matters that:

(i) the Company incorporated certain LCD panels that infringed the Patents-in-suit into computer products, such as monitors;

(ii) its distributor imports into and sells in the United States computer products that include such LCD panels, including monitors sold under the brand name AOC; and

(iii) the Company, its distributor and the supplier of the LCD panels are working in concert to import and sell in the United States infringing LCD panels (and/or products with infringing LCD panels incorporated therein).

17 CONTINGENT LIABILITIES (CONTINUED)

The directors are of the opinion that while discovery is still ongoing, it is not probable to assess the outcome of the litigation for the time being. Even if the outcome of the litigation turns out to be unfavourable, the directors consider that its future settlement may not have any material financial impact on the Group as a whole.

18 COMMITMENTS

(a) Capital commitments for property, plant and equipment

	30th June 2003 US$'000	31st December 2002 US$'000
Contracted but not provided for	**5,100**	267

(b) Commitments under operating leases

At 30th June 2003, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	30th June 2003 US$'000	31st December 2002 US$'000
Not later than one year	**826**	1,062
Later than one year and not later than five years	**196**	782
Later than five years	**-**	175
	1,022	2,019

19 RELATED PARTY TRANSACTIONS

Related parties of the Group are individuals and companies, including associated companies, where the individual, company or Group has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

19 RELATED PARTY TRANSACTIONS (CONTINUED)

Other than the information as disclosed in Note 17(a) in relation to guarantees give to certain banks for banking facilities granted to an associated company, significant related party transactions, which were carried out in the normal course of the Group's business and were conducted on normal commercial terms are as follows:

		Six months ended 30th June	
		2003	2002
	Note	**US$'000**	US$'000
Sales of finished goods to associated companies	(a)	**34,547**	88,345
Commission paid to an associated company	(b)	**(2,702)**	(410)
Purchase of raw materials, fixed assets and low value consumables from associated companies	(c)	**(1,074)**	(11,289)
Technical support service fee received from an associated company	(d)	**1,111**	1,072
Recovery of warranty cost from an associated company	(e)	**986**	1,047

Notes:

(a) Sales of finished goods to associated companies were conducted in the normal course of business at prices and terms as determined by the transacting parties.

(b) The amount of the commission paid to an associated company was agreed between the transacting parties.

(c) The purchase of raw materials, fixed assets and low values consumables from associated companies were conducted in the normal course of business at prices and terms as agreed between the transacting parties.

(d) Technical support service fee from an associated company was charged at terms as agreed between the transacting parties.

(e) Recovery of warranty cost from an associated company was charged based on terms as agreed between the transacting parties.

INTERIM DIVIDEND

The directors are pleased to declare an interim dividend of US0.31 cent per share for the six months ended 30th June 2003 to shareholders whose names appear on the registers of members of the Company on Monday, 29th September 2003.

The interim dividend is payable in cash to shareholders in US dollars save that those shareholders whose names appeared on the register of members of the Company in Hong Kong will receive the equivalent amount in HK dollars and those shareholders whose names appeared 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 Standard Chartered Bank in Hong Kong at or about 11:00 a.m. on 29th September 2003.

The dividend cheques will be distributed to shareholders on or about Wednesday, 15th October 2003.

BUSINESS REVIEW

The spillover effect of SARS epidemic and a languid economic environment did not put a damper on the stupendous demand for TFT-LCD monitors. In the first six months of 2003, global TFT-LCD monitor shipments increased 62.5 percent to 23.3 million units in a relatively stable yet firm price environment. On the supply side, production of monitor integrators was constrained by a limited upstream supply of TFT-LCD panels due to the slow in coming of 5G capacities. The tightness in panel supply had provided support to pricing strengths and would likely keep panel prices firm for the rest of this year. In contrast with the thriving TFT-LCD monitor sector, CRT monitor sector continued to lose out on volume and market share due to rapid consumer demand shift. Global CRT monitor shipments shed by 16.5 percent to 34.3 million units, which accounted for no more than 60 percent of the total desktop monitor market.

In these surroundings, TPV booked a consolidated turnover of US$803.1 million (2002: US$711.6 million) in the first half of 2003, representing a growth of 12.9 percent from a year earlier. Profit attributable to shareholders surged 12.1 percent to US$30.1 million as a combined result of effective cost control and favourable price environment. Basic earnings per share for the period was US2.24 cents (2002: US2.18 cents).

In the first half, lower TFT-LCD panel costs and hence monitor prices had spurred consumer demand and pushed PC vendors to bundle a higher proportion of TFT-LCD monitors with PC systems. In line with the growing demand, the Group's TFT-LCD monitor shipments posted a 66.8 percent increase to 1.5 million units and overtook CRT monitor shipments to contribute more than half of the Group's consolidated turnover for the first time. From a geographical perspective, unit sales of TFT-LCD monitors to Europe, China and North America were 45.9 percent, 20.5 percent and 20.6 percent respectively of the total. In terms of size mix, 15-inch remained as the mainstream TFT-LCD product, commanding 62.5 percent of the Group's TFT-LCD monitor shipments. In the latter half of the year, 17-inch TFT-LCD monitor, which is under less supply constraints due to the coming through of 5G capacities, will increase its market penetration as panel makers strive to encourage consumer migration to larger size monitors.

On the back of strong TFT-LCD monitor sales, the Group achieved satisfactory growths in all geographies despite a relatively weak macro-economic climate. Revenue generated from North America and Europe grew 52.2 percent and 5.0 percent respectively and contributed 29.5 percent and 33.1 percent respectively to the consolidated turnover. The impressive gain in North America, in particular, reflected the Group's affirmative sales efforts in that region to date. The Group's revenue generated from the PRC was inevitably distracted by SARS and put on a tepid growth of 2.3 percent from a year ago, which accounted for 22.9 percent of the consolidated turnover.

In the first half, the Group well-executed its strategy of targeting the fast-growing ODM business and geographic markets. As such, ODM sales contribution increased from last year's 76.6 percent to this year's 86.0 percent. In the near term, ODM sales will continue to be the growth engine and represent a more prominent percentage of the Group's business given the new supply contracts in the pipeline, the production of which is scheduled to begin in latter part of this year.

Because of the relentless efforts in R&D and cost refinement, gross margin on TFT-LCD monitor bounced back nicely from 4.6 percent achieved in fourth quarter 2002 to 5.1 percent in the first quarter and 5.9 percent in the second quarter of this year, while gross margin on CRT monitor was sustained at over 11.0 percent throughout the first half. Barring unforeseeable events, management believes that gross margins on both CRT and TFT-LCD monitors will be maintained at above 10.0 percent and 5.0 percent respectively for the remainder of the year.

PROSPECTS

While management is optimistic about the growth in TFT-LCD monitor demand, there is a potential risk for severe panel shortage if the pace of upstream capacity expansion cannot keep up with demand, or the new generations of fabs fail to improve their yield rates to optimal levels. It is, therefore, the Group's intent to ensure an adequate supply of panels by setting up a production facility in the proximity of key TFT-LCD panel suppliers. After a series of feasibility studies, management decided to establish a new TFT-LCD monitor production facility in Jiangzhe area where a number of the Group's panel suppliers had chosen to locate their LCM ("LCD Module") facilities. The new facility will initially house two assembly lines with annual capacity of 2.4 million units. The Group has earmarked US$2.0 million from internal resources for the project.

The tremendous growth in TFT-LCD monitor demand underscores the imperative for TPV to move more aggressively into this vast market space. By unswervingly pursing development strategies and proactively leveraging its advantages in cost, scale and product quality, TPV is in a vantage position to benefit from this product replacement cycle.

BEIJING ORIENT TOP VICTORY ELECTRONICS COMPANY LIMITED ("BJOTV")

In the first six months of 2003, BJOTV, the Group's 41.7 percent-owned associated company, shipped 1.3 million units of monitors, of which 0.16 million units were TFT-LCD based, and recorded a turnover of US$129.2 million (2002: US$121.8 million). Net profit was negatively impacted by the poor consumer sentiment amid the SARS outbreak, and dropped 7.0 percent to US$4.0 million (2002: US$4.3 million). In anticipation of a rapid recovery of the PRC IT market, management is faithful to see a stronger showing by BJOTV in the second half of the year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has always met its funding requirements by internally generated cash flow and credit facilities provided by banks. As at 30th June 2003, the Group had cash and bank balances of US$197.9 million (31st December 2002: US$254.8 million) and working capital of US$242.9 million (31st December 2002: US$227.2 million). Available credit facilities amounted to US$905.6 million (31st December 2002: US$886.2 million), of which US$81.3 million (31st December 2002: US$60.9 million) was drawn down. All bank debts were borrowed on floating rate basis, with approximately 85.2 percent dominated in US dollar while the balance was mainly in Renminbi.

In the first six months, the Group saw its net cash lowered by US$77.2 million to US$116.6 million. The money was largely used to finance additional inventories of US$38.2 million and to pay down trade debts of US$40.4 million. As a result, the Group's inventory turnover days lengthened to 47.8 (31st December 2002: 40.0), while its receivable turnover and payable turnover days fell to 52.5 (31st December 2002: 56.0) and 93.6 (31st December 2002: 95.8) respectively.

Capital expenditure for the first half amounted to US$3.3 million as compared with US$7.3 million for the corresponding period last year.

Current ratio was up slightly to 153.3 percent while gearing ratio, representing the ratio of total bank debts to total assets, remained at a healthy 10.6 percent.

FOREIGN EXCHANGE RISK

In order to hedge the Group's foreign exchange risks, especially in Euro currency, it has entered into foreign exchange forward contracts with reputable international banks. As at 30th June 2003, the Group had outstanding commitments to sell Euros for US dollars under forward exchange contracts of US$22.4 million (31st December 2002: US$57.1 million).

WORKFORCE

As at 30th June 2003, TPV had a workforce of 6,738. Employee's remuneration is consistent with the industry practice in the respective countries / places where the Group operates.

DIRECTORS' INTERESTS

As at 30th June 2003, the interests and short positions of the directors in the shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK") ("Listing Rules"), were as follows:

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

Name of director	Name of company	Type of interest	Number of shares held
Mr Pen, Stanley (also known as Mr Pan, Fang-Jen)	The Company	Corporate (Note 1)	571,730,318
	Fields Pacific Limited	Corporate (Note 1)	571,730,318
Mr Djuhar, Sutanto	The Company	Corporate (Note 2)	167,796,500
	Brilliant Way Investment Limited ("BW")	Corporate (Note 2)	167,796,500
	Pacific Industries and Development Limited ("PIDL")	Corporate (Note 2)	167,796,500
Mr Djuhar, Johny	The Company	Corporate (Note 2)	167,796,500
	BW	Corporate (Note 2)	167,796,500
	PIDL	Corporate (Note 2)	167,796,500
Dr Hsuan, Jason	The Company	Personal and Family (Note 3)	31,255,823
Mr Houng Yu-Te	The Company	Personal	3,141,537
Mr Pen Tseng-Kwan	The Company	Corporate (Note 4)	12,786,288
	JCP Venture Limited	Corporate (Note 4)	12,786,288
Mr Yang Hsing-Nang	The Company	Personal	6,121,286

Notes:

(1) The shares are held by Fields Pacific Limited ("Fields"), a company beneficially and wholly owned by Mr Pen, Stanley.

On 6th August 2003, Mr Pen, Fields and Beijing Technology Group Company Limited ("BOE") entered into an agreement pursuant to which Mr Pen and Fields conditionally agreed to sell 356,033,783 shares of the Company to BOE subject to and upon the conditions precedent as stipulated in the agreement. It is expected that the transaction will be completed on or before 31st December 2003.

(2) The shares are held by BW, a wholly-owned subsidiary of PIDL. PIDL is a company owned as to 50 percent by KMP Atlantic Limited, as to 25 percent by Mr Djuhar, Sutanto, as to 12.5 percent by Mr Djuhar, Johny and as to the remaining 12.5 percent by Mr Djuhar, Tedy.

(3) Out of the 31,255,823 shares, 2,001,020 shares are held by the spouse of Dr Hsuan, Jason.

(4) The shares are held by JCP Venture Limited, a company beneficially and wholly owned by Mr PenTseng-Kwan and his spouse.

Save as disclosed above, as at 30th June 2003, none of the directors of the Company had or was deemed to have any interest or short position in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company pursuant to the Model Code of the Listing Rules.

Furthermore, at no time during the six months ended 30th June 2003 was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangement to enable the directors of the Company or any of their spouses or children under 18 years of age to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June 2003, the following shareholders were interested in 5% of more of the issued share capital of the Company which fall to be disclosed pursuant to Part XV of the SFO:

Name of shareholder	Number of shares held
KMP Atlantic Limited	167,796,500
Mr Salim, Anthoni	167,796,500
Mr Halim, Andree	167,796,500

The above shares are held by Brilliant Way Investment Limited, a wholly-owned subsidiary of Pacific Industries and Development Limited. Pacific Industries and Development Limited is a company owned as to 50 percent by KMP Atlantic Limited, as to 25 percent by Mr Djuhar, Sutanto, as to 12.5 percent by Mr Djuhar, Johny and as to the remaining 12.5 percent by Mr Djuhar, Tedy. KMP Atlantic Limited is owned as to 48.3 percent by Mr Salim, Anthoni, as to 48.3 percent by Mr Halim, Andree and as to the remaining 3.4 percent by other parties.

SHARE OPTIONS

Previous Scheme

At the annual general meeting of the Company held on 15th May 2003, the shareholders approved the adoption of a new share option scheme (the "New Scheme") and the termination of the operation of the Company's share option scheme adopted on 21st September 1999 (the "Previous Scheme") (such that no further options shall thereafter be offered under the Previous Scheme but the provisions of the Previous Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior to the date of its termination).

A summary of the Previous Scheme has been disclosed in the Company's 2002 Annual Report.

Details of the movements of options under the Previous Scheme are as follows:

Date of grant	Note	Exercise price per share	No. of options granted	lapsed	exercised	Balance outstanding as at 30th June 2003
		HK$				
26th February 2001	1	0.670	64,140,000	2,530,000	29,396,000	32,214,000
2nd May 2002	2	3.300	37,610,000	908,000	-	36,702,000
1st August 2002	3	2.325	31,818,000	76,000	-	31,742,000

Notes:

1. These options are exercisable at HK$0.67 per share in three trenches: the maximum percentage of options exercisable after the first, second and third anniversary from 26th February 2001 are 20 percent, 50 percent and 100 percent respectively.

2. These options are exercisable at HK$3.30 per share in two trenches: the maximum percentage of options exercisable within the periods commencing from 8th June 2004 to 1st May 2007 and from 8th June 2005 to 1st May 2007 are 50 percent and 100 percent respectively.

3. These options are exercisable at HK$2.325 per share in two trenches: the maximum percentage of options exercisable within the periods commencing from 8th June 2004 to 31st July 2007 and from 8th June 2005 to 31st July 2007 are 50 percent and 100 percent respectively.

4. No options were granted to directors of the Company.

New Scheme

The purpose of the New Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to directors and employees of the Group. No options have been granted under the New Scheme since the date of its adoption.

The principal terms of the New Scheme are summarized below:

(1) Participants of the New Scheme

Any employee or director (including executive and non-executive director) of the Company, any of its holding companies and any of their respective subsidiaries and any entity in which the Company or any of its subsidiaries holds any equity interest.

(2) Maximum number of shares

The maximum number of shares available for issue under the New Scheme is 34,319,726, representing approximately 2.5 percent of the issued share capital of the Company at the end of the period.

(3) Maximum entitlement to each participant

The board shall not grant any options (the "Relevant Options") to any participant which, if exercised, would result in such participant becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued or to be issued to him under all options granted to him (including those options exercised, cancelled or outstanding) in the 12-month period up to and including the offer date of the Relevant Options, exceed 1 percent of the shares in issue at such date.

The board may grant options to any participant in excess of the individual limit of 1 percent in any 12-month period with the approval of the shareholders in general meeting (with such participant and his associates abstaining from voting). In such situation, the Company will send a circular to the shareholders and the circular must disclose the identity of the participant, the number and terms of the options to be granted (and previously granted to such participant).

(4) Payment on acceptance of options

A participant shall pay the Company HK$1.00 for the grant of an option on acceptance of an option within 28 days after the offer date.

(5) Time of exercise of options

Subject to the provisions of the New Scheme, an option may be exercised at any time during such period notified by the board as not exceeding 10 years from the offer date. The exercise of options may also be subject to any conditions imposed by the board at the time of offer.

(6) Basis of determining the subscription price

The subscription price will be determined by the board and it shall not be less than the higher of (i) the closing price of the shares of the Company as stated in SEHK's daily quotations sheet on the date of offer of the options; and (ii) the average closing price of the shares of the Company as stated in SEHK's daily quotations sheets for the 5 business days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company.

(7) Remaining life of the New Scheme

The New Scheme is valid until 14th May 2013.

The directors consider it inappropriate to value the options of the Company as a number of factors that are crucial to the valuation cannot be determined accurately. Accordingly, such information is not disclosed in this report.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the six months period ended 30th June 2003, the Company repurchased a total of 142,000 of its ordinary shares of US$0.01 each through SEHK at prices ranging from HK$1.89 (US$0.242) to HK$1.90 (US$0.244) per share, for a total consideration of HK$269,380 (US$34,536).

Apart from the above, the Company had not redeemed any of its shares during the six months period ended 30th June 2003. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the period.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June 2003, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules except that non-executive directors of the Company are not appointed for specific terms as they are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Bye-laws of the Company.

The Audit Committee had reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of these unaudited interim accounts.

DISCLOSURE PURSUANT TO PRACTICE NOTE 19 OF THE LISTING RULES

As at 30th June 2003, the Group had trade receivables totalling approximately US$18,516,000 due from associated companies and guarantees amounting to approximately US$15,036,000 provided to certain banks for credit facilities given to an associated company. The aggregate amount of approximately US$33,552,000 represents approximately 14.1 percent of the Group's net assets as at 31st December 2002. A pro forma combined balance sheet and the Group's attributable interest in these associated companies as at 30th June 2003 are presented below:

	Unaudited	
	Pro forma combined balance sheet US$'000	Group's attributable interest US$'000
Fixed assets	21,969	9,121
Goodwill	3,339	801
Land occupancy rights	1,952	815
Other long-term assets	2,174	900
Current assets	203,914	73,640
Current liabilities	(174,984)	(61,093)
Other long-term liabilities	(6,591)	(2,258)
Net assets	51,773	21,926

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from Monday, 29th September 2003 to Tuesday, 30th September 2003, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on Friday, 26th September 2003 or the Company's share transfer office in Singapore, Lim Associates (Pte) Limited at 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315, not later than 5:00 p.m. on Friday, 26th September 2003 (as the case may be).

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

Hong Kong, 8th September 2003

TPV TECHNOLOGY LIMITED

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(Incorporated in Bermuda with limited liability)

INTERIM REPORT 2003