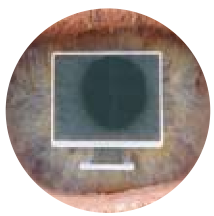
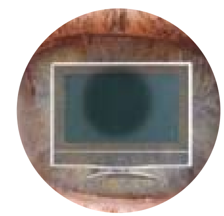


The Best of Both Worlds



INTERIM REPORT 2005 TPV

What happens when TPV, a leading manufacturer of monitors, crosses boundaries and exhibits a different glare? The answer: it's a blaze of good news for people from all walks of life.

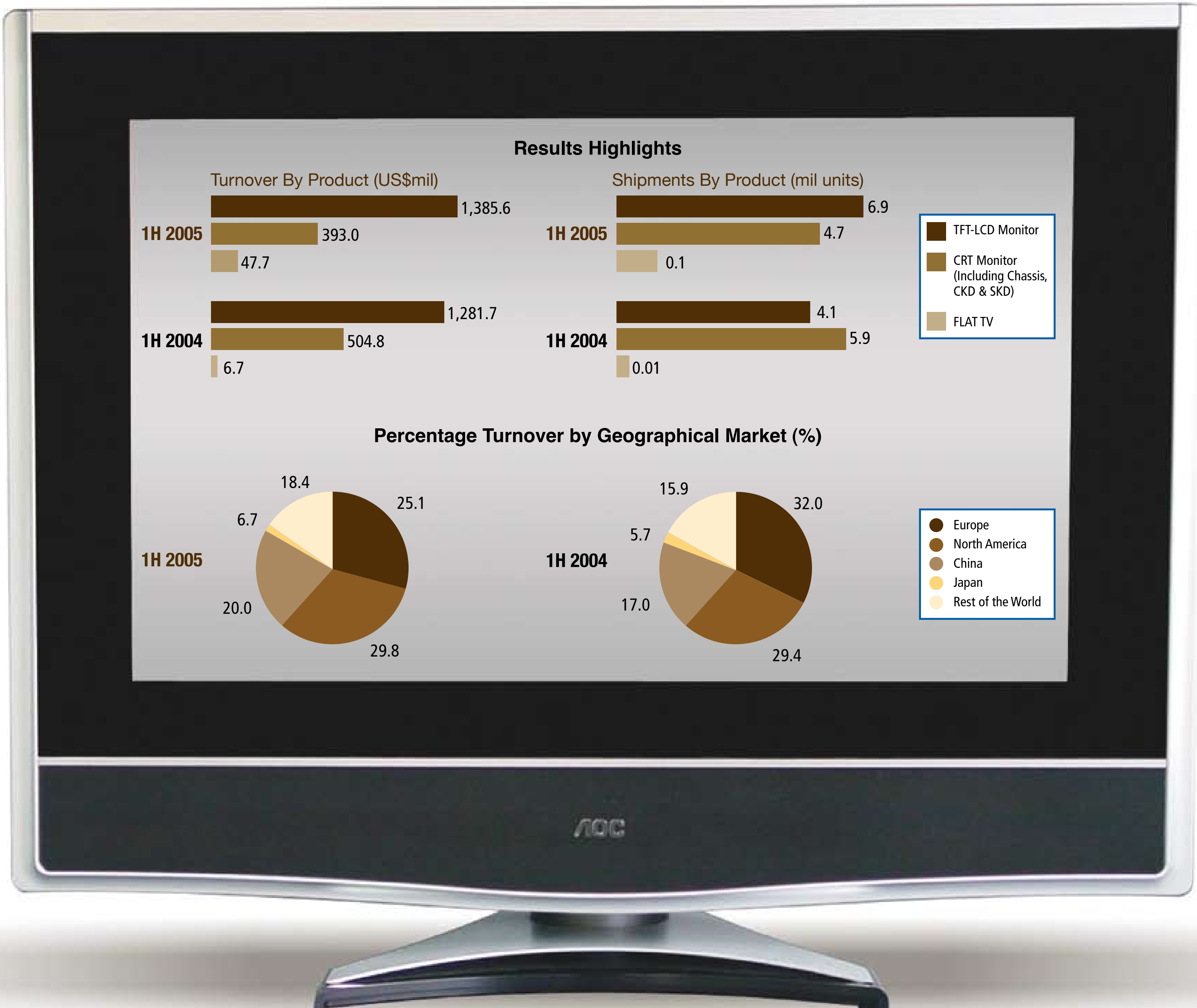
TPV is now all geared up to broaden its product horizon by adding flat TVs to its product portfolio. From now on, consumers can enjoy the vivid colors and sharp images of TPV's LCD TVs in addition to the crisp data display on TPV's monitors for work and for play.


The TPV world is a world where the seeds of bright and innovative ideas
blossom into a spectrum of best **display products.**

About Us

TPV Technology Limited is a leading display solutions provider. The Group designs and produces a full range of CRT and TFT-LCD monitors as well as LCD and PDP TVs for distribution globally. TPV's products add value to customers through cost leadership, timely delivery and superior quality. TPV brands include AOC and Envision.

Today, TPV is the world's largest monitor manufacturer in term of unit shipments. Its stock has been listed on both Hong Kong and Singapore stock exchanges since 8th October 1999 and is a component stock of the Strait Times Index of Singapore. TPV ranks 36 in the most recent BusinessWeek's Info Tech 100 IT companies.


Results Highlights
Turnover By Product (US$mil)
1H 2005
1,385.6
393.0
47.7
1H 2004
1,281.7
504.8
6.7
Shipments By Product (mil units)
1H 2005
6.9
4.7
0.1
1H 2004
4.1
5.9
0.01
TFT-LCD Monitor
CRT Monitor (Including Chassis, CKD & SKD)
FLAT TV
Percentage Turnover by Geographical Market (%)
1H 2005
18.4
25.1
6.7
20.0
29.8
1H 2004
15.9
32.0
5.7
17.0
29.4
Europe
North America
China
Japan
Rest of the World
AOC

Interim Dividend

The board of directors (the "Board") of TPV Technology Limited (the "Company") is pleased to declare an interim dividend of US0.72 cent (2004: US0.50 cent) per share for the six months ended 30th June 2005 to shareholders whose names appearing on the registers of members of the Company on Thursday, 22nd September 2005.

The interim dividend is payable in cash to shareholders in US Dollar save that those shareholders whose names appearing on the register of members of the Company in Hong Kong will receive the equivalent amount in HK Dollar and those shareholders whose names appearing on the record of members of the Company in Singapore will receive the equivalent amount in Singapore Dollar, both calculated at the relevant exchange rates quoted by Standard Chartered Bank in Hong Kong at or about 11:00 a.m. on 22nd September 2005.

The dividend cheques will be distributed to shareholders on or about Friday, 30th September 2005.

Business Review

Led by a steady expansion in the U.S., the global economy showed remarkable resilience in the first half of 2005 in the face of surging oil prices and higher interest rates. Worldwide demand for TFT-LCD monitors, spurred by a robust replacement market, continued to gather strength. According to recent market research, TFT-LCD monitors shipments soared 54 percent to 47 million during the first six months of the year, accounting for two-thirds of global desktop monitor shipments. While TFT-LCD penetration is high in the developed world, CRT monitors remain the mainstream entry-level products for less-affluent populations in developing countries like Brazil, Russia, India and China. Meanwhile, the ascending LCD TV market began to blossom, with shipments in the first half more than doubling to 7.8 million units.

Following nearly a year of steady decline prices for 15" and 17" TFT-LCD screens bottomed out in February, inched up over 10 percent and firmed into the third quarter. On the other hand, prices of larger TV panels continued to ease as new capacity came on stream and manufacturers applied a price-cutting strategy to stimulate consumption.

In the first half of 2005, TPV's consolidated turnover increased by 1.9 percent to US$1.83 billion, as burgeoning shipments of TFT-LCD monitors helped offset the over 30 percent fall in average selling prices. Profit attributable to shareholders rose 5.4 percent during the period to US$64.8 million. Gross margin for the first half of 6.3 percent, while 70 basis points lower than in the same period last year, showed significant improvement over the 5.5 percent achieved in the second half of 2004. Helped by stringent cost controls and effective tax planning, the net margin was maintained at last year's 3.5 percent.

TPV shipped 6.9 million TFT-LCD monitors during the first half (7.6 million units if shipments from our Beijing associate, BJOTV, are included), a 68 percent spike over the same period in 2004. This performance yet again ranked the Group as the world's number one TFT-LCD monitor producer, with a 16 percent global market share. Shipments of CRT units fell more than 20 percent to 4.7 million units, in line with the shrinking end-market demand. A noticeable development during the period was the rise in 19" TFT-LCD monitor volume, which more than quadrupled year-on-year and surpassed 15" 's revenue contribution for the first time in the second quarter. The Group also made significant inroads into the LCD TV space; sales turnover and unit volume both surged almost eight-fold, to US$37.1 million and 88,000 units, respectively. North America remained the largest market for TPV during the six-month period, accounting for nearly 30 percent of total sales. After a sluggish performance in the first quarter, the European markets picked up some steam in the second quarter, generated sequential growth of 19.4 percent over the prerious quarter and contributed 24.8 percent to the Group's total consolidated turnover.

Prospects

In the prevailing price environment, demand for TFT-LCD monitors will likely remain white-hot for the rest of this year. Most industry analysts project shipments for 2005 to comfortably surpass 100 million units, compared to 68 million in 2004. Yet growth will decelerate from next year, simply because TFT-LCD monitor penetration rates in most parts of the world are plateauing. Going forward, TV application will pick up the slack to become the new growth driver for the TFT-LCD industry. Falling prices are the major stimulus driving demand. Global shipments of LCD TVs are projected to more than double this year to 20 million units, and are projected to grow at a compound annual rate of around 78 percent to 2007, when 47 million LCD TVs are forecasted to be sold, accounting for roughly a quarter of total global TV volume.

TPV is well positioned to meet growing worldwide demand for TFT-LCD monitors and TV sets – and profitably. On the demand side, we are blessed with a diversified client base. On the supply side, we are supported by every major panel maker in Korea, Taiwan and China. As such, we are adding infrastructure and capacity to cope with a growing order flow. Capital expenditure was US$27.8 million in the first half and another US$40 million was earmarked for the second half. Looking ahead, the LCD TV business will increasingly fuel our growth momentum. We expect to ship 100,000 units in the third quarter, four times the volume in the first quarter; and we anticipate doubling that volume a year from now.

Finally, the management is delighted to report the closing of the Philips transaction. TPV is now officially the world's largest PC monitor manufacturer with annual volume of over 35 million units. After Philips' contributed business is successfully integrated into the Group, we shall benefit from greater economies of scale in terms of manufacturing and supply chain management, stronger R&D capabilities and wider geographical reach.

Liquidity, Financial Resources and Capital Structure

The Group ended the half year with US$280.5 million (31st December 2004: US$327.9 million) of cash and bank balance and US$434.0 million (31st December 2004 restated : US$420.3 million) of working capital. Available credit facilities secured from banks amounted to US$2,044.9 million (31st December 2004: US$1,885.6 million), of which US$727.9 million (31st December 2004: US$524.6 million) was utilized as at 30 June 2005. All bank debts were borrowed on a floating-rate basis and denominated in US Dollar. The maturity profiles of bank debts are as follows:-

	30th June 2005 US$'000	31st December 2004 US$'000
Within one year	**78,250**	86,950
In the second year	**66,000**	67,500
In the third to fifth year	**48,000**	51,000

The adoption of VMI (Vendors-Managed Inventory System) late last year has optimized inventory management and kept inventory turnover days at healthy levels. Inventory turnover days were 51 and 48 at the end of first and second quarter respectively (31st December 2004 restated: 38). Receivable days was at 55 (31st December 2004 restated: 51), while payable days lengthened to 79 (31st December 2004 restated: 71) as a result of better payment terms.

The Group's gearing ratio, representing the ratio of total bank debts to total assets was stable at 13.0 percent, while the current ratio improved slightly to 147.3 percent from 144.0 percent.

From 2005, TPV has adopted new reporting standards as mandated by the new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants. These changes require presentation of certain items on a "fair value" basis that were previously reported on an historical cost basis. The values of such items are now marked to market at the end of each accounting period and the increases and decreases will be recorded in the profit and loss account.

The new standards require the Group to allocate the expense of all employee share options over the vesting period. As such, the Group's interim profit and loss accounts for 2004 and 2005 were negatively affected by extra share-based expenses of US$1.1 million and US$3.3 million, respectively. The effect on changes in the value of financial instruments was immaterial to the current period and its comparative last year.

The recent two percent revaluation of the Renminbi has little impact on the Group's predominately US Dollar-based cost structure.

Beijing Orient Top Victory Electronics Co., Limited ("BJOTV")

In the first six months of 2005, BJOTV, the Group's 41.7 percent-owned associated company, shipped approximately 1.0 million units of CRT monitors, 0.7 million units of TFT-LCD monitors and over 14,000 units of PDP TVs. Turnover and net profit were US$230.5 million and US$3.0 million respectively, as compared to US$237.7 million and US$5.8 million during the same period last year. The results were negatively affected by the stronger than expected demand shift towards TFT-LCD products in China, where most of BJOTV's products were destined, since the beginning of this year. As such, the company has re-aligned its product portfolio to attune to this changing need and is looking for an improvement in performance in the latter half of this year.

Shareholders approval for the acquisition of the remaining 58.3 percent interest in BJOTV was obtained at our special general meeting held in August 2005. The completion of this transaction is now pending the approval of governmental and regulatory bodies in China.

Pledge of Assets

Approximately US$6,964,000 (31st December 2004: US$7,387,000) of the carrying value of fixed assets, approximately US$20,000,000 (31st December 2004: US$20,000,000) of inventories and approximately US$5,774,000 (31st December 2004: US$6,474,000) of bank deposits have been pledged as collateral for general banking facilities amounting to approximately US$198,000,000 (31st December 2004: US$188,000,000) granted to the Group. As at 30th June 2005, the amount so utilized (including letters of credit issued and outstanding) amounted to approximately US$82,573,000 (31st December 2004: US$59,579,000).

Foreign Exchange Risk

As at 30th June 2005, the Group had outstanding commitments in respect of forward exchange contracts to hedge against the Group's exposure in foreign currencies as follows:

	30th June 2005	30th June 2004
	US$'000	US$'000
Sell Euros for US Dollars	**5,572**	18,054
Sell Japanese Yen for US Dollars	**7,000**	7,000
Sell US Dollars for Renminbi	**795,000**	594,000
Sell Renminbi for US Dollars	**890,000**	546,000

Workforce

As at 30th June 2005, TPV had a workforce of 11,860. Employee's remuneration is consistent with the industry practice in the respective countries/places where the Group operates.

Directors' Interests

As at 30th June 2005, the interests of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Exchange (the "Listing Rules") were as follows:

INTERESTS IN ORDINARY SHARES OF US$0.01 EACH AND UNDERLYING SHARES OF THE COMPANY

Name of director	Name of company	Type of interest	Number of shares held (long position)	Number of share options held
Dr Hsuan, Jason	The Company	Personal and Family (note 1)	29,255,823	3,000,000 (note 3)
Mr Houng Yu-Te	The Company	Personal	3,141,537	5,800,000 (note 2)
Mr Wang Dongsheng	-	-	Nil	2,000,000 (note 3)
Mr Chen Yanshun	-	-	Nil	1,000,000 (note 3)
Mr Wang Yanjun	-	-	Nil	1,000,000 (note 3)

Notes:

(1) Out of the 29,255,823 shares, 2,001,020 shares are held by the spouse of Dr Hsuan, Jason.

(2) Out of the 5,800,000 share options, 2,800,000 share options are exercisable at HK$4.14 (US$0.53) per share in three trenches: the maximum percentage of share options exercisable within the periods commencing from 8th June 2004 to 2nd November 2008, from 8th June 2005 to 2nd November 2008 and from 8th June 2006 to 2nd November 2008 are 20 percent, 50 percent and 100 percent respectively.

The remaining 3,000,000 share options are exercisable at HK$4.735 (US$0.61) per share in three trenches: the maximum percentage of share options exercisable within the periods commencing from 8th June 2005 to 19th May 2009, from 8th June 2006 to 19th May 2009 and from 8th June 2007 to 19th May 2009 are 20 percent, 50 percent and 100 percent respectively.

(3) These share options are exercisable at HK$4.735 (US$0.61) per share in three trenches: the maximum percentage of share options exercisable within the periods commencing from 8th June 2005 to 19th May 2009, from 8th June 2006 to 19th May 2009 and from 8th June 2007 to 19th May 2009 are 20 percent, 50 percent and 100 percent respectively.

Save as disclosed above, as at 30th June 2005, 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.

DIRESTORS' INTERESTS (CONTINUED)

Furthermore, at no time during the six months ended 30th June 2005 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. As at 30th June 2005, the Company has no ultimate holding company.

Substantial Shareholders' Interests

As at 30th June 2005, so far as was known to the directors or chief executives of the Company, the following persons (not being a director or chief executive of the Company) had an interest in the shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company pursuant to section 336 of the SFO:

INTEREST IN ORDINARY SHARES OF US$0.01 EACH OF THE COMPANY

Name of shareholder	Number of shares held (long position)
BOE Technology Group Co., Limited (京東方科技集團股份有限公司)	356,033,783 (note 1)
Beijing Orient Investment and Development Co., Limited (北京京東方投資發展有限公司)	356,033,783 (note 1)
北京電子控股有限責任公司	356,033,783 (note 1)
北京智能科創技術開發有限公司	356,033,783 (note 1)
J.P. Morgan Chase & Co.	154,419,000
Brilliant Way Investment Limited	99,909,000 (note 3)
Pacific Industries and Development Limited	99,909,000 (note 3)
Mr Djuhar, Sutanto	99,909,000 (note 3)
Mr Djuhar, Johny	99,909,000 (note 3)
Mr Djuhar, Tedy	99,909,000 (note 3)
KMP Atlantic Limited	99,909,000 (note 3)
Mr Salim, Anthoni	99,909,000 (note 3)

Notes:

(1) BOE Technology Group Co., Limited(京東方科技集團股份有限公司)("BOE") is the registered holder of 356,033,783 shares in the Company and it has an interest in 68,326,408 shares of the Company (being the consideration for the transfer of interest in Beijing Orient Top Victory Electronics Co., Limited held by BOE to the Company) upon the signing of the Share Transfer Agreement on 15th June 2005. The Company will issue and allot the said 68,326,408 new shares to BOE upon completion of the transaction contemplated under the Share Transfer Agreement. Details of the said transaction are contained in the Company's circular dated 30th June 2005.

Beijing Orient Investment and Development Co., Limited(北京京東方投資發展有限公司)("BOID") has a 35.91 percent interest in BOE. BOID is a company owned as to 56.25 percent by 北京電子控股有限責任公司 and as to 33.75 percent by 北京智能科創技術開發有限公司.

SUBSTANTIAL SHAREHOLDERS' INTERESTS (CONTINUED)

(2) As at 30th June 2005, Koninklijke Philips Electronics N.V. ("Philips") registered nil interest in the Company. The Philips Transaction (i.e. the acquisition by the Company of the Philips Contributed Business from Philips, details of which are contained in the Company's circular dated 30th June 2005) was completed on 5th September 2005. Accordingly, the Company issued 263,176,463 shares and convertible bonds to Philips Electronics Hong Kong Limited ("PEHKL", a subsidiary indirectly owned by Philips) as consideration for the Philips Transaction on the even date.

Pursuant to the terms of the convertible bonds, PEHKL may exercise the conversion rights attaching thereto and the Company may issue a maximum of 341,787,615 shares to PEHKL upon conversion of the convertible bonds by PEHKL. Hence, PEHKL may have an interest in a maximum of 341,787,615 shares of the Company.

PEHKL is owned as to 42 percent by Philips and as to 58 percent by Philips Electronics China B.V. ("PEC"). PEC is a wholly-owned subsidiary of Philips.

(3) The shares are held by Brilliant Way Investment Limited, a wholly-owned subsidiary of Pacific Industries and Development Limited ("PIDL"). PIDL is a company owned as to 50 percent by KMP Atlantic Limited ("KMP"), 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 is owned as to 90 percent by Mr Salim, Anthoni and as to the remaining 10 percent by other parties.

Share Option

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).

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

Date of grant	Note	Exercise price per share HK$	No. of options granted	No. of options lapsed	No. of options exercised	Outstanding options as at 30th June 2005
26th February 2001	1	0.670	64,140,000	2,675,000	60,806,000	659,000
2nd May 2002	2	3.300	37,610,000	2,494,000	19,693,000	15,423,000
1st August 2002	3	2.325	31,818,000	913,000	11,583,000	19,322,000

Notes:

(1) These options are exercisable at HK$0.67 (US$0.09) per share in three trenches: the maximum percentage of share options exercisable after the first, second and third anniversary from 26th February 2001 are 20 percent, 50 percent and 100 percent respectively, with an expiry date on 25th February 2006.

(2) These options are exercisable at HK$3.30 (US$0.42) per share in two trenches: the maximum percentage of share 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 (US$0.30) per share in two trenches: the maximum percentage of share 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 under the Previous Scheme.

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.

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 total number of shares currently available for issue under the New Scheme is 22,484,026, representing approximately 1.3 percent of the issued share capital of the Company at the date of this report.

(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.

NEW SCHEME (CONTINUED)

(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 the Exchange'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 the Exchange'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.

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

Date of grant	Note	Exercise price per share HK$	No. of options granted	No. of options lapsed	No. of options exercised	Outstanding options as at 30th June 2005
3rd November 2003	1	4.140	35,620,000	-	1,960,000	33,660,000
20th May 2004	2	4.735	115,410,000	2,050,000	112,000	113,248,000

Notes:

(1) These options are exercisable at HK$4.14 (US$0.53) per share in three trenches: the maximum percentage of share options exercisable within the periods commencing from 8th June 2004 to 2nd November 2008, from 8th June 2005 to 2nd November 2008 and from 8th June 2006 to 2nd November 2008 are 20 percent, 50 percent and 100 percent respectively.

(2) These options are exercisable at HK$4.735 (US$0.61) per share in three trenches: the maximum percentage of share options exercisable within the periods commencing from 8th June 2005 to 19th May 2009, from 8th June 2006 to 19th May 2009 and from 8th June 2007 to 19th May 2009 are 20 percent, 50 percent and 100 percent respectively.

(3) A total of 12,800,000 options were granted to directors of the Company under the New Scheme.

Purchase, Sale and Redemption of Shares

During the six months period ended 30th June 2005, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the period.

Corporate Governance

TPV is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders.

Accordingly, the Board has established the audit committee and the remuneration committee with defined terms of reference which are of no less exacting terms than those set out in the Code on Corporate Governance Practices (the "Code on Corporate Governance") as set out in Appendix 14 to the Listing Rules. These committees are chaired by independent non-executive directors. The Board considers the determination of the appointment and removal of directors to be the Board's collective decision and accordingly, it does not intend to adopt the recommended best practice of the Code on Corporate Governance to set up a nomination committee.

During the six months period ended 30th June 2005, the Company has complied with the code provisions as set out in the Code on Corporate Governance with the exception of the following:

(a) Code provision A.2.1

Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr Hsuan, Jason currently holds the offices of Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both positions in Dr Hsuan provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective supervision of management. The structure includes:

- having non-executive directors and independent non-executive directors comprising a majority of the Board;
- having the audit committee composed exclusively of independent non-executive directors;
- having independent non-executive directors comprising a majority of the remuneration committee; and
- ensuring that independent non-executive directors have free and direct access to both the Company's external and internal auditors and independent professional adviser where considered necessary.

The Board believes that these measures will ensure that independent non-executive directors continue to effectively monitor the Group's management and to review and provide recommendation on key issues relating to strategy, risk and integrity.

(b) Code provision A.4.1

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

The Company's non-executive directors are not appointed for a specific term. Yet, one-third of all the directors of the Company for the time being are subject to retirement by rotation at each annual general meeting pursuant to bye-law 99 of the Bye-laws of the Company. The Board considers that sufficient measures have been made to ensure that the Company's corporate governance practices are no less exacting than those stipulated in the Code on Corporate Governance.

CORPORATE GOVERNANCE (CONTINUED)

The Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether changes, include the setting up of a nomination committee and the separation of the roles of the Chairman and Chief Executive Officer, are necessary.

As at the date of this report, the Board comprises two executive directors, three non-executive directors and three independent non-executive directors. The independent non-executive directors are all experienced individuals from a range of industries. Their mix of professional skills and experience is an important element in the proper functioning of the Board and in ensuring a high standard of objective debate and overall input to the decision-making process. The Board has received from each independent non-executive director a written confirmation of their independence and considers them to be independent.

Audit Committee

The audit committee comprises three independent non-executive directors of the Company, namely Mr Chan Boon-Teong, Dr Ku Chia-Tai and Mr Wong Chi Keung. The committee members met four times to date in 2005 with an average attendance rate of 92 percent.

The audit committee has adopted terms of reference which are in line with the code provisions of the Code on Corporate Governance. It provides an important link between the Board and the Company's auditors in matters within the scope of the Group audit. It also reviews with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The audit committee also makes recommendations on the appointment, function and remuneration of the Group's external auditors.

The unaudited financial statements of the Company for the six months ended 30th June 2005 have been reviewed by the audit committee who is of the opinion that such statements comply with the applicable accounting standards, legal requirements and the Listing Rules, and that adequate disclosures have been made.

Remuneration Committee

The remuneration committee comprises three independent non-executive directors and Dr Hsuan, Jason, the Chairman and Chief Executive Officer of the Company. The remuneration committee has adopted terms of reference which are in line with the code provisions of the Code on Corporate Governance.

The remuneration committee is responsible for reviewing and evaluating the remuneration packages of executive directors and senior management and making recommendations to the Board from time to time.

Model Code for Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by directors of the Company (the "Internal Rules") on terms no less exacting than the required standard as set out in the Model Code of the Listing Rules.

Having made specific enquiry with all directors, the Company confirmed that all directors have complied with the required standard as set out in the Model Code and in the Internal Rules in respect of the six months period ended 30th June 2005.

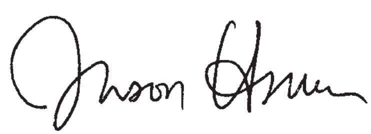
Closure of Registers of Members

The registers of members of the Company will be closed from Thursday, 22nd September 2005 to Friday, 23rd September 2005, 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 Wednesday, 21st September 2005 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 Wednesday, 21st September 2005 (as the case may be).

Composition of the Board

As at the date of this report, the Board comprises Dr Hsuan, Jason and Mr Houng Yu-Te as executive directors, Mr Wang Dongsheng, Mr Chen Yanshun and Mr Wang Yanjun as non-executive directors and Mr Chan Boon-Teong, Dr Ku Chia-Tai and Mr Wong Chi Keung as independent non-executive directors.



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

Hong Kong, 6th September 2005

Condensed Consolidated Profit and Loss Account

FOR THE SIX MONTHS ENDED 30TH JUNE 2005

	Note	Unaudited Six months ended 30th June **2005** **US$'000**	 2004 US$'000 (restated)
Turnover	4	**1,826,321**	1,793,141
Cost of goods sold		**(1,711,244)**	(1,668,424)
Gross profit		**115,077**	124,717
Other revenue		**14,257**	5,949
Selling and distribution expenses		**(36,934)**	(43,082)
Administrative expenses		**(7,949)**	(9,594)
Research and development expenses		**(11,036)**	(9,552)
Operating profit	4 & 5	**73,415**	68,438
Finance costs	6	**(4,982)**	(2,751)
Share of profits less losses of associated companies		**947**	1,935
Profit before taxation		**69,380**	67,622
Taxation	7	**(4,558)**	(6,131)
Profit for the period		**64,822**	61,491
Attributable to:			
Shareholders of the Company		**64,802**	61,491
Minority interest		**20**	-
		64,822	61,491
Earnings per share for profit attributable to shareholders of the Company	8		
- Basic		**US4.61 cents**	US4.49 cents
- Fully diluted		**US4.52 cents**	US4.35 cents
Interim dividend	9	**10,184**	7,041

Condensed Consolidated Balance Sheet

AS AT 30TH JUNE 2005 AND 31ST DECEMBER 2004

	Note	Unaudited 30th June 2005 US$'000	Audited 31st December 2004 US$'000 (restated)
Assets			
Non-current assets			
Property, plant and equipment	10	**83,391**	64,415
Land use rights	10	**1,790**	1,056
Intangible assets	10	**5,278**	5,305
Interest in associated companies		**31,456**	30,509
Deferred tax assets	15	**4,975**	5,161
Other assets		**2,129**	-
Other investments		**-**	2,007
Available-for-sale financial assets		**1,833**	-
		130,852	108,453
Current assets			
Inventories	18	**497,328**	402,940
Trade receivables	11	**485,241**	579,230
Trade amount due from an associated company	12	**17,338**	15,581
Deposits, prepayments and other receivables		**71,080**	50,691
Pledged bank deposits	18	**5,774**	6,474
Bank balances and cash		**274,714**	321,456
		1,351,475	1,376,372
Total assets		**1,482,327**	1,484,825
Equity			
Capital and reserves attributable to the Company's shareholders			
Share capital	13	**14,144**	14,033
Other reserves		**137,605**	130,077
Retained earnings			
- Proposed dividend		**10,184**	22,320
- Others		**284,178**	241,048
		446,111	407,478
Minority interest		**32**	12
Total equity		**446,143**	407,490

Condensed Consolidated Balance Sheet (Continued)

AS AT 30TH JUNE 2005 AND 31ST DECEMBER 2004

	Note	Unaudited 30th June 2005 US$'000	Audited 31st December 2004 US$'000 (restated)
Liabilities			
Non-current liabilities			
Long-term bank loans, unsecured	14	**114,000**	118,500
Derivative financial instruments		**2,039**	-
Deferred tax liabilities	15	**-**	120
Pension obligations		**2,634**	2,634
		118,673	121,254
Current liabilities			
Trade payables	16	**707,529**	749,754
Amount due to an associated company	21	**12,300**	8,838
Other payables and accruals		**86,694**	78,029
Taxation payable		**10,706**	11,600
Warranty provisions	17	**22,032**	20,910
Short-term bank loans, unsecured		**20,000**	32,450
Current portion of long-term bank loans, unsecured	14	**58,250**	54,500
		917,511	956,081
Total liabilities		**1,036,184**	1,077,335
Total equity and liabilities		**1,482,327**	1,484,825
Net current assets		**433,964**	420,291
Total assets less current liabilities		**564,816**	528,744

Condensed Consolidated Statement of Changes In Equity

FOR THE SIX MONTHS ENDED 30TH JUNE 2005

	Unaudited											
	Attributable to shareholders of the Company										Minority interest	Total
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Share redemption reserve US$'000	Employee share-based compensation reserve US$'000	Exchange reserve US$'000	Reserve fund US$'000	Merger difference US$'000	Available-for-sale financial assets fair value reserve US$'000	Retained profits US$'000	US$'000	US$'000
Balance at 1st January 2005, as previously reported	**14,033**	**78,442**	**13,356**	**12**	**-**	**(4,802)**	**28,137**	**10,001**	**-**	**268,299**	**-**	**407,478**
Balance at 1st January 2005, as previously separately reported as minority interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12**	**12**
Effect of adoption of HKFRS 2	**-**	**-**	**-**	**-**	**4,931**	**-**	**-**	**-**	**-**	**(4,931)**	**-**	**-**
Opening adjustment for the adoption of HKAS 39	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,468)**	**-**	**(11,468)**
Balance at 1st January 2005, as restated	**14,033**	**78,442**	**13,356**	**12**	**4,931**	**(4,802)**	**28,137**	**10,001**	**-**	**251,900**	**12**	**396,022**
Fair value loss on available-for-sale financial assets in current period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(179)**	**-**	**-**	**(179)**
Exchange differences	**-**	**-**	**-**	**-**	**-**	**214**	**-**	**-**	**-**	**-**	**-**	**214**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**64,802**	**20**	**64,822**
Employee share option scheme:												
- Employee share-based compensation benefits	**-**	**-**	**-**	**-**	**3,328**	**-**	**-**	**-**	**-**	**-**	**-**	**3,328**
- Issue of new shares pursuant to exercise of share options, net of expenses	**111**	**4,165**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,276**
2004 final dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(22,340)**	**-**	**(22,340)**
Balance at 30th June 2005	**14,144**	**82,607**	**13,356**	**12**	**8,259**	**(4,588)**	**28,137**	**10,001**	**(179)**	**294,362**	**32**	**446,143**
Balance at 1st January 2004, as previously reported	13,508	67,750	9,058	12	-	(6,586)	18,988	10,001	-	195,863	-	308,594
Effect of adoption of HKFRS 2	-	-	-	-	186	-	-	-	-	(186)	-	-
Balance at 1st January 2004, as restated	13,508	67,750	9,058	12	186	(6,586)	18,988	10,001	-	195,677	-	308,594
Exchange differences	-	-	-	-	-	715	-	-	-	-	-	715
Profit for the period	-	-	-	-	-	-	-	-	-	61,491	-	61,491
Employee share option scheme:												
- Employee share-based compensation benefits	-	-	-	-	1,077	-	-	-	-	-	-	1,077
- Issue of new shares pursuant to exercise of share options, net of expenses	441	8,014	-	-	-	-	-	-	-	-	-	8,455
2003 final dividend paid	-	-	-	-	-	-	-	-	-	(15,444)	-	(15,444)
Balance at 30th June 2004	13,949	75,764	9,058	12	1,263	(5,871)	18,988	10,001	-	241,724	-	364,888

Condensed Consolidated Cash Flow Statement

FOR THE SIX MONTHS ENDED 30TH JUNE 2005

	Unaudited Six months ended 30th June	
	2005	2004
	US$'000	US$'000
Net cash generated from/(used in) operating activities	**10,232**	(81,670)
Net cash used in investing activities	**(25,767)**	(13,981)
Net cash (used in)/generated from financing activities	**(30,564)**	159,416
(Decrease)/increase in cash and cash equivalents	**(46,099)**	63,765
Cash and cash equivalents at 1st January	**321,456**	199,537
Effect of foreign exchange rate changes	**(643)**	769
Cash and cash equivalents at 30th June	**274,714**	264,071
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	**274,714**	264,071

Notes to Interim Condensed Financial Statements

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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.

These condensed financial statements should be read in conjunction with the 2004 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31st December 2004 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRS") which are effective for accounting periods commencing on or after 1st January 2005.

The changes to the Group's accounting policies and the effect of adopting these new policies are set out in note 2 below.

2 CHANGES IN ACCOUNTING POLICIES

(a) Effect of adopting new HKFRS

In 2005, the Group adopted the following new/revised standards of HKFRS, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share

Notes to Interim Condensed Financial Statements

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Effect of adopting new HKFRS (Continued)

HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS-Int 12	Scope of HKAS-Int 12 Consolidation – Special Purpose Entities
HKAS-Int 15	Operating Leases – Incentives
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 28, 33, HKAS-Int 12 and HKAS-Int 15 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures.

- HKASs 2, 7, 8, 10, 16, 23, 27, 28, 33, HKAS-Int 12 and HKAS-Int 15 had no material effect on the Group's accounting policies.

- HKAS 21 had no material effect on the Group's accounting policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. A majority of the Group entities have the same functional currency ("US Dollar") as the presentation currency for respective entity financial statements.

- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

HKAS 17 has affected the property, plant and equipment and land use rights disclosures. Land use rights and property, plant and equipment are separately disclosed under the new requirement. The up-front prepayments made for the land use rights are expensed in the profit and loss account on a straight-line basis over the period of the lease. In prior years, land use rights were stated at cost less accumulated amortization and accumulated impairment loss.

The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for goodwill. Until 31st December 2004, goodwill was:

- Amortized on a straight line basis over a period of not more than 15 years; and

- Assessed for an indication of impairment at each balance sheet date.

Notes to Interim Condensed Financial Statements

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Effect of adopting new HKFRS (Continued)

In accordance with the provisions of HKFRS 3:

- The Group ceased amortization of goodwill from 1st January 2005;

- Accumulated amortization as at 31st December 2004 has been eliminated with a corresponding decrease in the cost of goodwill;

- From the year ending 31st December 2005 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

The Group has reassessed the useful lives of its intangible assets in accordance with the provisions of HKAS 38. No adjustment resulted from this reassessment.

The adoption of HKAS 32 and HKAS 39 has resulted in a change in accounting policy relating to the classification of available-for-sale financial assets. It has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Group require retrospective application other than:

- HKFRS 3 – prospectively after the adoption date

- HKAS 39 – does not permit to recognize, derecognize and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous Statement of Standard Accounting Practices No. 24 (“SSAP 24”) “Accounting for Investments in Securities” to other investments in 2004 comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognized at 1st January 2005.

- HKFRS 2 – only retrospective application for all equity instruments granted after 7th November 2002 and not vested at 1st January 2005.

Notes to Interim Condensed Financial Statements

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Effect of adopting new HKFRS (Continued)

(i) The adoption of HKAS 17 resulted in:

	30th June 2005 US$'000	31st December 2004 US$'000
Increase in land use rights	**1,790**	1,056
Decrease in property, plant and equipment	**(1,790)**	(1,056)

(ii) The adoption of HKFRS 2 resulted in:

	30th June 2005 US$'000	31st December 2004 US$'000
Increase in employee share-based compensation reserve	**8,259**	4,931
Decrease in retained earnings	**(8,259)**	(4,931)

	Year ended 31st December	Six months ended 30th June	
	2004	**2005**	2004
	US$'000	**US$'000**	US$'000
Increase in selling and distribution expenses	1,688	**1,001**	417
Increase in administrative expenses	1,571	**1,274**	333
Increase in research and development expenses	1,486	**1,053**	327
Decrease in basic earnings per share	0.34 cent	**0.24 cent**	0.08 cent
Decrease in diluted earnings per share	0.34 cent	**0.23 cent**	0.08 cent

Notes to Interim Condensed Financial Statements

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Effect of adopting new HKFRS (Continued)

(iii) The adoption of HKAS 39 resulted in a decrease in opening reserves at 1st January 2005 by US$11,468,000 and the details of the adjustments to the balance sheet at 30th June 2005 and profit and loss account for the six months ended 30th June 2005 are as follows:

	30th June 2005 US$'000
Increase in available-for-sale financial assets	1,833
Increase in derivative financial instruments (liabilities)	(2,039)
Decrease in other investments	(1,833)
Decrease in available-for-sale financial assets fair value reserve	179

	Six months ended 30th June 2005 US$'000
Decrease in administrative expenses	4,068

The adoption of HKAS 39 did not have any effect on the basic and diluted earnings per share.

Notes to Interim Condensed Financial Statements

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) New accounting policies

The accounting policies used for the interim condensed consolidated financial statements for the six months ended 30th June 2005 are the same as those set out in 2004 annual financial statements except for the following:

(i) Acquisition of subsidiaries and associated companies

If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary or associated company acquired, the difference is recognized directly in the profit and loss account.

(ii) Property, plant and equipment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(iii) Goodwill

The Group ceased amortization of goodwill from 1st January 2005. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

(iv) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US Dollar, which is the Company's functional and presentation currency.

(b) Transactions and balances

Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) Group company

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to Interim Condensed Financial Statements

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) New accounting policies (Continued)

(v) Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

(vi) Investments

From 1st January 2004 to 31st December 2004:

The Group classified its investments in securities, other than subsidiaries and associated companies, as other investments.

Other investments represent long-term investments in unlisted securities which are stated at cost to the Group less provision for impairment losses. The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to the fair value. The amount of the reduction is recognized as an expense in the profit and loss account.

From 1st January 2005 onwards:

The Group classifies its investments in securities into available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Available-for-sale financial assets are non-derivatives. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of available-for-sale financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Available-for-sale financial assets are initially recognized at fair value plus transaction costs; and are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss account as gains or losses from investment securities.

Notes to Interim Condensed Financial Statements

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) New accounting policies (Continued)

(vi) Investments (Continued)

The fair values of available-for-sale financial assets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(vii) Trade receivables and other receivables

Trade receivables and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the profit and loss account.

(viii) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

(ix) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Notes to Interim Condensed Financial Statements

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) New accounting policies (Continued)

(x) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized either as cash is collected or on a cost-recovery basis as conditions warrant.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated income taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Warranty provision

The Group gives warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily ranging from twelve months to thirty-six months. Significant judgement is required in determining the warranty expenses for products sold. The Group estimates the warranty expenses based on the actual repair and item replacement costs incurred for the products sold in the last thirty-six months. Where the warranty expenses incurred are different from the original provision, such difference will impact the profit and loss account in the period in which the additional warranty expenses are incurred.

Notes to Interim Condensed Financial Statements

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Pending litigations

The Group had certain pending litigations as at the balance sheet date. Significant judgement is required in determining whether it is more likely than not that an outflow of resources will be required to settle the pending litigations in which case a provision for the potential litigation expenses is recognized.

(d) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations required the use of estimates.

(e) Employee benefits – share-based payments

The valuation of the fair value of the share options granted requires judgement in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate for the life of the option and the number of share options that are expected to become exercisable as stated in Note 2(b)(ix). Where the outcome of the number of options that are exercisable is different, such difference will impact the profit and loss account in the subsequent remaining vesting period of the relevant share options.

Notes to Interim Condensed Financial Statements

4 SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of computer monitors and related products.

Primary reporting format - business segments

	Six months ended 30th June 2005			
	LCD monitors US$'000	CRT monitors US$'000	Others (note (a)) US$'000	Total US$'000
Turnover	1,385,611	380,108	60,602	1,826,321
Cost of goods sold	(1,307,596)	(344,939)	(58,709)	(1,711,244)
Other revenue excluding interest income, export incentives received, fiscal refund received and technical subsidy received	3,023	829	133	3,985
Operating expenses	(25,842)	(27,273)	(2,804)	(55,919)
Segment results	55,196	8,725	(778)	63,143
Interest income				2,081
Export incentives received				2,636
Fiscal refund received				5,520
Technical subsidy received				35
Operating profit				73,415
Finance costs				(4,982)
Share of profits less losses of associated companies				947
Profit before taxation				69,380
Taxation				(4,558)
Profit for the period				64,822

Notes to Interim Condensed Financial Statements

4 SEGMENT INFORMATION (CONTINUED)

Primary reporting format - business segments (Continued)

	Six months ended 30th June 2005			
	LCD monitors US$'000	CRT monitors US$'000	Others (note (a)) US$'000	Total US$'000
Other information				
Capital expenditure	20,520	5,166	2,162	27,848
Depreciation	4,254	2,981	1,603	8,838
Amortization	13	14	-	27

	30th June 2005			
	LCD monitors US$'000	CRT monitors US$'000	Others (note (a)) US$'000	Total US$'000
Balance sheet				
Segment assets	797,242	287,339	26,448	1,111,029
Interest in associated companies				31,456
Unallocated assets				339,842
Total assets				1,482,327
Segment liabilities	(520,469)	(276,243)	(11,722)	(808,434)
Unallocated liabilities				(227,750)
Total liabilities				(1,036,184)

Notes to Interim Condensed Financial Statements

4 SEGMENT INFORMATION (CONTINUED)

Primary reporting format - business segments (Continued)

	Restated Six months ended 30th June 2004			
	LCD monitors US$'000	CRT monitors US$'000	Others (note (a)) US$'000	Total US$'000
Turnover	1,281,666	471,435	40,040	1,793,141
Cost of goods sold	(1,209,728)	(419,905)	(38,791)	(1,668,424)
Other revenue excluding interest income and export incentives received	1,738	640	54	2,432
Operating expenses	(22,548)	(37,024)	(2,656)	(62,228)
Segment results	51,128	15,146	(1,353)	64,921
Interest income				797
Export incentives received				2,720
Operating profit				68,438
Finance costs				(2,751)
Share of profits less losses of associated companies				1,935
Profit before taxation				67,622
Taxation				(6,131)
Profit for the period				61,491

Other information

	LCD monitors US$'000	CRT monitors US$'000	Others (note (a)) US$'000	Total US$'000
Capital expenditure	4,331	2,670	1,364	8,365
Depreciation	2,379	4,534	-	6,913
Amortization	187	73	-	260
Write-back of provision for impairment in value of other investments	-	-	(245)	(245)

Notes to Interim Condensed Financial Statements

4 SEGMENT INFORMATION (CONTINUED)

Primary reporting format - business segments (Continued)

	Restated 30th June 2004			
	LCD monitors US$'000	CRT monitors US$'000	Others (note (a)) US$'000	Total US$'000
Balance sheet				
Segment assets	715,514	354,804	13,378	1,083,696
Interest in associated companies				30,509
Unallocated assets				370,620
Total assets				1,484,825
Segment liabilities	(446,891)	(422,240)	-	(869,131)
Unallocated liabilities				(208,204)
Total liabilities				(1,077,335)

Notes:
(a) Others include sales of flat TVs, chassis, spare parts and CKD/SKD.
(b) There are no significant sales or other transactions between the business segments.

Notes to Interim Condensed Financial Statements

4 SEGMENT INFORMATION (CONTINUED)

Secondary reporting format - geographical segments

	Six months ended 30th June 2005		
	Turnover US$'000	Operating profit US$'000	Capital expenditure US$'000
Europe	**457,644**	**18,874**	**3**
North America	**544,393**	**17,096**	**46**
South America	**53,481**	**4,753**	**1,061**
Africa	**12,717**	**158**	**-**
Australia	**36,811**	**1,491**	**-**
Asia			
- PRC	**365,879**	**20,707**	**26,716**
- other Asian countries	**355,396**	**10,336**	**22**
	1,826,321	**73,415**	**27,848**

	Restated Six months ended 30th June 2004		
	Turnover US$'000	Operating profit US$'000	Capital expenditure US$'000
Europe	573,466	24,093	14
North America	526,851	14,889	3
South America	31,807	(1,904)	916
Africa	8,345	81	-
Australia	55,223	1,873	-
Asia			
- PRC	305,116	18,047	7,223
- other Asian countries	292,333	11,359	209
	1,793,141	68,438	8,365

Notes to Interim Condensed Financial Statements

4 SEGMENT INFORMATION (CONTINUED)

Secondary reporting format - geographical segments (Continued)

Total assets

	30th June 2005 US$'000	31st December 2004 US$'000
Europe	**13,115**	21,138
North America	**218,285**	250,434
South America	**53,672**	50,421
Africa	**-**	-
Australia	**-**	-
Asia		
- PRC	**906,574**	796,735
- other Asian countries	**259,225**	335,588
	1,450,871	1,454,316
Interest in associated companies	**31,456**	30,509
	1,482,327	1,484,825

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

Assets and capital expenditure are based on the country in which the assets are located at the balance sheet date.

Notes to Interim Condensed Financial Statements

5 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30th June	
	2005	2004
	US$'000	US$'000
Crediting		
Net exchange gains	**10,639**	1,317
Reversal of provision for bad and doubtful debts	**67**	-
Charging		
Staff costs (including directors' emoluments and retirement benefit costs)	**30,769**	24,471
Depreciation and amortization	**8,865**	7,173
Retirement benefit costs	**413**	294
Loss on disposal of plant and equipment	**152**	26
Provision for warranty	**11,136**	11,899
Provision for bad and doubtful debts	**-**	959
Write-down of inventories to net realizable value	**3,246**	4,356

6 FINANCE COSTS

	Six months ended 30th June	
	2005	2004
	US$'000	US$'000
Interest on bank borrowings wholly repayable within five years	**4,982**	2,751

No borrowing costs were capitalized during the period ended 30th June 2005 and 2004.

Notes to Interim Condensed Financial Statements

7 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 2004: 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.

A subsidiary, Top Victory Electronics (Fujian) Company Limited ("TVE (FJ)"), which was established in an Economic and Technological Development Zone in the People's Republic of China ("PRC"), is subject to the PRC enterprise income tax at a rate of 15% in accordance with tax regulations in the PRC. TVE (FJ) is subject to the PRC enterprise income tax at a further reduced rate of 10% in accordance with the relevant tax regulations in the PRC because its export sales exceeded 70% of the total sales amount in the six months ended 30th June 2005.

Another subsidiary, TPV Electronics (Fujian) Company Limited ("TPVE (FJ)"), which was established in an Economic and Technological Development Zone in the PRC, is subject to the PRC enterprise income tax at a rate of 15% in accordance with tax regulations in the PRC. However, it is exempted from the PRC enterprise income tax for two years starting from the first year of profitable operations, followed by a 50% reduction for three years. TPVE (FJ) was entitled to full tax exemption in 2002 and 2003. In 2004 and 2005, TPVE (FJ) is subject to a reduced tax rate of 7.5%.

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

	Six months ended 30th June	
	2005	2004
	US$'000	US$'000
Current taxation:		
Overseas taxation		
- Current period	**4,492**	6,780
- Under provision in prior period	**-**	1,132
Deferred taxation relating to the origination and reversal of temporary differences (Note 15)	**66**	(1,781)
Taxation charge	**4,558**	6,131

Share of associated companies' taxation for the six months ended 30th June 2005 of approximately US$137,000 (2004: US$228,000) is included in the profit and loss account as share of profits less losses of associated companies.

Notes to Interim Condensed Financial Statements

7 TAXATION (CONTINUED)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the principal place of business of the Group, the PRC, as follows:

	Six months ended 30th June	
	2005	2004
	US$'000	US$'000
Profit before taxation	**69,380**	67,622
Calculated at a taxation rate of 15% (2004: 15%)	**10,407**	10,143
Tax effect of different taxation rates in other countries/places	**124**	888
Tax effect of income not subject to taxation	**(7,179)**	(6,722)
Tax effect of expenses not deductible for taxation purposes	**1,206**	690
Under-provision in prior period	**-**	1,132
Taxation charge	**4,558**	6,131

8 EARNINGS PER SHARE

The calculations of basic and fully diluted earnings per share are based on the profit attributable to shareholders of the Company of approximately US$64,802,000 for the six months ended 30th June 2005 (six months ended 30th June 2004: US$61,491,000).

The basic earnings per share is based on the weighted average number of 1,404,739,816 (2004: 1,369,076,434) ordinary shares in issue during the period.

The fully diluted earnings per share is based on 1,432,452,176 (2004: 1,414,241,592) ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 27,712,360 (2004: 45,165,158) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

Notes to Interim Condensed Financial Statements

9 INTERIM DIVIDEND

	Six months ended 30th June 2005 US$'000	Six months ended 30th June 2004 US$'000
2005 Interim of US0.72 cent (2004: US0.50 cent) per ordinary share	**10,184**	7,041

The directors declared on 6th September 2005 an interim dividend of US0.72 cent (2004: US0.50 cent) per share payable in cash to shareholders. This interim dividend is not reflected as a dividend payable in these condensed financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2005.

10 CAPITAL EXPENDITURE

			Intangible assets		
	Property, plant and equipment US$'000	Land use rights US$'000	Goodwill US$'000	Trademarks US$'000	Total US$'000
Opening net book amount as at 1st January 2005 as previously reported	65,471	-	4,825	480	5,305
Effect of adopting HKAS 16	(1,056)	1,056	-	-	-
Net book amount as at 1st January 2005, as restated	64,415	1,056	4,825	480	5,305
Exchange adjustment	852	-	-	-	-
Additions	27,096	752	-	-	-
Disposals	(152)	-	-	-	-
Amortization/depreciation charge	(8,820)	(18)	-	(27)	(27)
Closing net book amount as at 30th June 2005	83,391	1,790	4,825	453	5,278

As at 30th June 2005, the net book value of fixed assets pledged to banks to secure banking facilities granted to the Group amounted to approximately US$6,964,000 (31st December 2004: US$7,387,000) (Note 18).

Notes to Interim Condensed Financial Statements

11 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 2005	**294,965**	**140,335**	**41,242**	**4,496**	**4,203**	**485,241**
Balance at 31st December 2004	333,576	149,310	83,266	9,297	3,781	579,230

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

12 TRADE AMOUNT DUE FROM AN ASSOCIATED COMPANY

The ageing analysis of trade amount due from an associated company 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 2005	**3,401**	**4,941**	**7,199**	**928**	**869**	**17,338**
Balance at 31st December 2004	6,165	3,199	6,216	1	-	15,581

The amount due from an associated company is unsecured, interest-free and has normal commercial terms of repayment.

Notes to Interim Condensed Financial Statements

13 SHARE CAPITAL

	30th June 2005 US$'000	31st December 2004 US$'000
Authorized:		
4,000,000,000 (31st December 2004: 4,000,000,000) ordinary shares of US$0.01 each	**40,000**	40,000
Issued and fully paid:		
1,414,393,264 (31st December 2004: 1,403,284,264) ordinary shares of US$0.01 each	**14,144**	14,033

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
As at 31st December 2004		1,403,284,264	14,033
Issue of shares pursuant to exercise of share options	(a)	11,109,000	111
As at 30th June 2005		**1,414,393,264**	**14,144**

Note:

(a) The Company has share option schemes 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 2005 are set out below:

		Number of share options				
Date of grant	Exercise price	As at 1st January 2005	Granted during the period	Exercised during the period	Lapsed during the period	As at 30th June 2005
	HK$					
26th February 2001	0.670	839,000	-	(100,000)	(80,000)	659,000
2nd May 2002	3.300	21,706,000	-	(6,118,000)	(165,000)	15,423,000
1st August 2002	2.325	23,395,000	-	(3,979,000)	(94,000)	19,322,000
3rd November 2003	4.140	34,460,000	-	(800,000)	-	33,660,000
20th May 2004	4.735	114,950,000	-	(112,000)	(1,590,000)	113,248,000
		195,350,000	-	(11,109,000)	(1,929,000)	182,312,000

Notes to Interim Condensed Financial Statements

14 LONG-TERM BANK LOANS, UNSECURED

The maturity profile of long-term bank loans is follows:

	30th June 2005 US$'000	31st December 2004 US$'000
Within one year	**58,250**	54,500
In the second year	**66,000**	67,500
In the third to fifth year	**48,000**	51,000
	172,250	173,000
Less: Amounts repayable within one year	**(58,250)**	(54,500)
	114,000	118,500

The bank loans bear interest at range from LIBOR plus 0.6% to 0.95% per annum (2004: range from LIBOR plus 0.6% to 1.2% per annum) and are supported by unconditional and irrevocable guarantees issued by two of its subsidiaries, Top Victory International Limited and Top Victory Investments Limited.

15 DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable taxation rates prevailing in the countries/places in which the Group operates.

Details of deferred taxation recorded in the balance sheet are as follows:

	30th June 2005 US$'000	31st December 2004 US$'000
Deferred tax assets	**4,975**	5,161
Deferred tax liabilities	**-**	(120)
	4,975	5,041

Notes to Interim Condensed Financial Statements

15 DEFERRED TAXATION (CONTINUED)

The movement in deferred taxation is as follows:

	2005	2004
	US$'000	US$'000
As at 1st January	**5,041**	5,230
Deferred taxation charged to the profit and loss account (Note 7)	**(66)**	(189)
As at 30th June 2005/31st December 2004	**4,975**	5,041

No deferred taxation was charged to equity during the period (2004: Nil).

The movement in deferred tax assets/(liabilities) during the period/year is as follows:

	Provisions		Unrealized profit		Others		Total	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
As at 1st January	**5,161**	3,589	**(109)**	1,641	**(11)**	-	**5,041**	5,230
Credited/(charged) to profit and loss account	**(186)**	1,572	**109**	(1,750)	**11**	(11)	**(66)**	(189)
As at 30th June 2005/ 31st December 2004	**4,975**	5,161	**-**	(109)	**-**	(11)	**4,975**	5,041

Notes to Interim Condensed Financial Statements

16 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 as at 30th June 2005	**305,226**	**218,183**	**84,047**	**100,073**	**707,529**
Balance as at 31st December 2004	231,932	236,913	143,777	137,132	749,754

17 WARRANTY PROVISIONS

	US$'000
As at 1st January 2005	20,910
Charged to the profit and loss account	11,136
Utilized during the period	(10,014)
As at 30th June 2005	22,032

The Group gives warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily ranging from twelve months to thirty-six months. The provision as at 30th June 2005 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.

18 BANKING FACILITIES AND PLEDGE OF ASSETS

Approximately US$6,964,000 (31st December 2004 : US$7,387,000) of the carrying value of fixed assets, approximately US$20,000,000 (31st December 2004: US$20,000,000) of inventories and approximately US$5,774,000 (31st December 2004: US$6,474,000) of bank deposits have been pledged as collateral for general banking facilities amounting to approximately US$198,000,000 (31st December 2004: US$188,000,000) granted to the Group. As at 30th June 2005, the amount so utilized (including letters of credit issued and outstanding) amounted to approximately US$82,573,000 (31st December 2004: US$59,579,000).

Notes to Interim Condensed Financial Statements

19 CONTINGENT LIABILITIES

The Group had the following outstanding pending litigations as at 30th June 2005:

(a) In April 2003, a third party company commenced legal action in the United States of America against the Company and one of its associated companies. This action claims damages related to alleged infringement of certain patents in respect of liquid crystal display technology ("Patent I").

It is alleged among other matters that:

(i) the Company incorporated certain LCD panels that infringed Patent I into computer products, such as monitors;

(ii) the associated company as the Company's distributor imports into and sells in the United States of America computer products that include such LCD panels, including monitors sold under the brand name AOC; and

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

The directors are of the opinion that while the proceedings are 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.

(b) In September 2003, a third party company commenced legal action in the United States of America against an associated company of the Group and certain other third party companies. This action claims damages related to alleged infringement of certain patents in respect of liquid crystal display technology ("Patent II").

As far as this associated company is concerned, it is alleged among other matters that:

(i) it has directly infringed, contributory infringed and/or actively induced infringement of Patent II by making, using, importing, offering for sale and/or selling in the United States of America the supplier's LCD modules and products and systems containing such LCD modules covered by one or more claims of Patent II;

(ii) its infringement of Patent II has been and continued to be deliberate and willful and such infringement will continue unless it is preliminarily and permanently enjoined; and

(iii) as a consequence of the infringement, the plaintiff has been damaged and will continue to sustain damages by such acts in an amount to be determined at trial and will continue to suffer irreparable loss and injury.

Notes to Interim Condensed Financial Statements

19 CONTINGENT LIABILITIES (CONTINUED)

On 15th July 2005, the litigation was dismissed pursuant to the Stipulation and Order of Dismissal by the court of the United States of America on ground that a settlement agreement was entered into between the plaintiff and the supplier of LCD modules. The settlement does not have any material financial impact on the Group as a whole.

(c) In February 2004, a third party company filed a complaint in the United States of America against the Group, one of its associated companies and certain other third party companies.

The complaint concerns claims for damages related to alleged infringement of certain patents in respect of technology of the design and manufacture of LCD ("Patent III").

As far as the Group and its associated company are concerned, it is alleged among other matters that:

(i) they have infringed, actively induced and/or contributed to the infringement of Patent III by making, using, causing to be used, offering to sell, causing to be offered for sale, selling, causing to be sold, importing and/or causing to be imported LCDs and/or LCD products in the United States of America; and

(ii) as a consequence of the infringement, the plaintiff has been damaged and will continue to sustain damages unless the court grants an award of damages to it covering reasonably attorneys' fees, costs and expenses that incurred by it for pursuing this action.

The directors are of the opinion that while proceedings were stayed according to the court's Memorandum Order on 13th May 2004, it is not probable to assess the future outcome of the litigation for the time being. Even if the outcome 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.

(d) In March 2005, a third party company filed a first amended complaint in the United States of America against an associated company of the Group and certain other third party companies. This action claims damages related to alleged infringement of certain patents in respect of liquid crystal display technology ("Patent IV")

On 6th July 2005, the litigation was resolved through settlement between the plaintiff and the supplier of LCD modules. The settlement does not have any material financial impact on the Group as a whole.

(e) In April 2005, a third party company filed a first amended complaint in the United States of America against the Group, one of its associated companies and certain other third party companies.

The complaint concerns claims for damages related to alleged infringement of certain patents in respect of technology of the design and manufacture of LCD and related products ("Patent V").

Notes to Interim Condensed Financial Statements

19 CONTINGENT LIABILITIES (CONTINUED)

As far as the Group and its associated company are concerned, it is alleged among other matters that:

(i) they have infringed, contributory infringed and/or actively induced infringement; and are infringing, contributory infringing and/or actively inducing infringement of Patent V by making, using, causing to be used, offering to sell, causing to be offered for sale, selling, causing to be sold, importing and/or causing to be imported LCDs and/or LCD products in the United States of America; and

(ii) the infringement of Patent V has been and continue to be deliberate and willful, making and entitling the plaintiff to increased damages which include attorneys' fee, costs and expenses that have been and would have been incurred by it for pursuing this action.

The directors are of the opinion that while the proceedings are 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.

20 COMMITMENTS

(a) Capital commitments for property, plant and equipment

	30th June 2005 US$'000	30th June 2004 US$'000
Contracted but not provided for	**9,734**	5,523

Notes to Interim Condensed Financial Statements

20 COMMITMENTS (CONTINUED)

(b) Commitments under operating leases

As at 30th June 2005, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	30th June 2005 US$'000	30th June 2004 US$'000
Within one year	**1,066**	711
After one year but within five years	**152**	511
	1,218	1,222

(c) As at 30th June 2005, the Group had outstanding commitments in respect of forward exchange contracts to hedge against the Group's exposure in foreign currencies as follows:

	30th June 2005 US$'000	30th June 2004 US$'000
Sell Euros for US Dollars	**5,572**	18,054
Sell Japanese Yen for US Dollars	**7,000**	7,000
Sell US Dollars for Renminbi	**795,000**	594,000
Sell Renminbi for US Dollars	**890,000**	546,000

(d) Other commitments

On 15th June 2005, the Company entered into a Share Purchase Agreement with Koninklijke Philips Electronics N.V. ("Philips"), an independent third party, in connection with the acquisition by the Company from Philips of its certain research, development and manufacturing activities in the field of monitors and flat screen television and related OEM sales ("Philips Contributed Business"). The consideration for the Philips Contributed Business is approximately US$357,873,000, subject to certain adjustments, and will be satisfied by the issuance to Philips of a combination of new shares of the Company and a convertible bond as set out in the Circular dated 30th June 2005 issued by the Company ("the Circular"). The acquisition of the Philips Contributed Business was completed on 5th September 2005.

Notes to Interim Condensed Financial Statements

20 COMMITMENTS (CONTINUED)

(d) Other commitments (Continued)

On the same date, the Company entered into a Share Transfer Agreement with BOE Technology Group Co., Ltd. ("BOE"), a substantial shareholder of the Company, and other OTPV Vendors (as defined in the Circular), in connection with the acquisition by the Company of the 58.3% interest in Beijing Orient Top Victory Electronics Co., Limited ("OTPV"), an associated company of the Company, held by BOE and other OTPV Vendors (the "OTPV Transaction"). The consideration for the OTPV Transaction is approximately US$49,301,000 and will be satisfied by the issuance to BOE and other OTPV Vendors new shares of the Company as set out in the Circular. The completion of the OTPV Transaction is subject to the satisfaction of certain conditions and waiver of the other conditions as set out in the Circular.

21 RELATED PARTY TRANSACTIONS

(a) As at 30th June 2005, the major shareholder of the Company was BOE Technology Group Co., Limited ("BOE") which owned approximately 25.17% of the Company's issued shares.

(b) During the period, the Group had the following significant transactions with its associated companies, Beijing Orient Top Victory Electronics Co., Limited, Envision Peripherals, Inc. and BOE-HYDIS Technology Company Ltd., a subsidiary of BOE, which were carried out in the normal course of the Group's business:

	Six months ended 30th June	
	2005	2004
	US$'000	US$'000
Sale of raw materials and finished goods to associated companies	**24,754**	35,108
Purchase of raw materials, finished goods, fixed assets and low value consumables from associated companies	**(60,620)**	(13,251)
Purchase of raw materials from a subsidiary of a major shareholder of the Company	**(23,677)**	(54,453)
Technical support service fee received from an associated company	**1,587**	1,387
Warranty cost recovery from an associated company	**1,189**	1,147

The transactions were carried out at the terms as agreed by the relevant parties.

Notes to Interim Condensed Financial Statements

21 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

	Six months ended 30th June 2005 US$'000	Six months ended 30th June 2004 US$'000
Salaries and other short-term employee benefits	**252**	235
Share-based payments	**620**	296
	872	531

(d) Period-end balances arising from sales/purchases of goods

	30th June 2005 US$'000	30th June 2004 US$'000
Receivable from an associated company (Note 12) – Envision Peripherals, Inc.	**17,338**	7,669
Payables to related parties:		
An associated company – Beijing Orient Top Victory Electronics Co., Ltd.	**(12,300)**	(34,850)
A subsidiary of a major shareholder of the Company – BOE-HYDIS Technology Company Ltd.	**(6,391)**	(6,313)
	(18,691)	(41,163)

(e) The amount due to an associated company is unsecured, interest-free and has normal commercial terms of repayment.

22 COMPARATIVE FIGURES

The comparative figures presented in these interim condensed consolidated financial statements have been adjusted for the impact of the relevant new HKFRSs as set out in note 2 to these interim condensed financial statements.