We are more than just numbers

INTERIM REPORT 2006

TPV

TPV TECHNOLOGY LIMITED

冠 捷 科 技 有 限 公 司

(Incorporated in Bermuda with Limited Liability)

Contents

We are a dynamic team of vibrant, focused professionals, led by visionary management.

We are TPV today,
a leading global creator of display products.

About Us

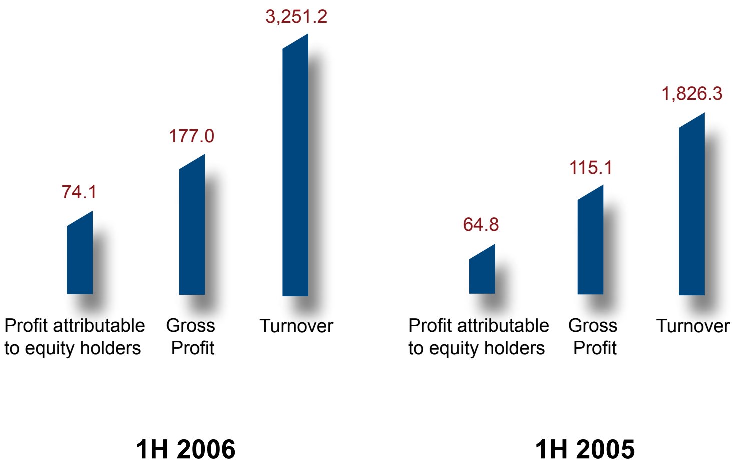
TPV Technology Limited is a leading display solutions provider. The Group designs and produces a full range of CRT and TFT-LCD monitors as well as LCD and PDP TVs for distribution globally. TPV's products add value to customers through cost leadership, timely delivery and superior quality. TPV also ships its own brands 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 Ocober 1999 and is a component stock of the Straits Times Index of Singapore and MSCI China Index.

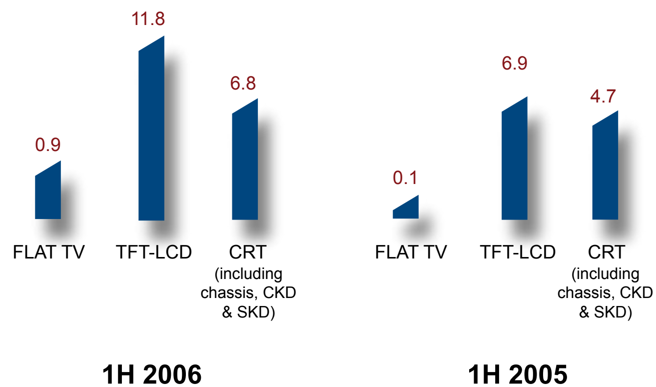
Financial Highlights

Result Highlights

Financials (US$ Mil)



Shipment by Product (Mil units)



Percentage Turnover by Geographical Market (%)

	Europe	North America	China	Japan	Rest of the World
1H 2006	22.2%	33.8%	21.7%	7.6%	14.6%
1H 2005	24.7%	31.0%	19.6%	6.6%	18.1%

Interim Dividend

The Board is pleased to declare an interim dividend of US0.80 cent (2005: US0.72 cent) per share for the six months ended 30 June 2006 to shareholders.

The interim dividend is payable in cash to shareholders in US dollars save that shareholders whose names appearing on the register of members of the Company in Hong Kong will receive the equivalent amount in HK dollars and shareholders whose names appearing on the record of members of the Company in Singapore will receive the equivalent amount in Singapore dollars, both calculated at the relevant exchange rates quoted by Standard Chartered Bank in Hong Kong at or about 11:00 a.m. on 11 October 2006.

The dividend cheques will be distributed to shareholders on or about Friday, 20 October 2006.

Business Review

World economy remained sanguine in the first half of 2006. However, fears of inflation continued to push global interest rates higher, unnerving the already turbulent financial markets. New worries of escalating hostilities in the Middle East kept energy cost at record high levels and consumer sentiment in check.

Against this backdrop, the decline in LCD panel prices accelerated in the traditionally weaker first half of the year. Monitor panel prices dropped 20 to 25 percent on average vis-a-vis TV panels' steeper fall of 30 to 35 percent, across the board. Despite the cyclical downturn in panel prices and the seasonal deceleration in end-demand, TPV maintained its healthy stride in top and bottom line growth by gaining shares in both monitor and TV markets. For the six months ended 30 June 2006, TPV's consolidated turnover surged 78.0 percent to US$3.3 billion with profit attributable to equity holders rising 14.4 percent to US$74.1 million. Profitability for the period was negatively affected by the tougher pricing environment and the gradual shift of product-mix from higher-margin CRT monitors to lower-margin LCD monitor and TV products. Consequently, blended gross profit margin declined 90 basis points year-on-year to 5.4 percent. Net profit margin was further impacted by the higher cost of borrowings and declined to 2.3 percent from the 3.5 percent achieved during the first half of 2005.

During the period under review, TPV shipped a total of 11.8 million units of LCD monitors and 6.7 million units of CRT monitors, translating to a year-on-year growth of 70.4 percent and 43.8 percent respectively. In the fast growing flat TV business, the Group recorded a shipment of 0.9 million units, representing a ten fold increase over the corresponding period in 2005.

In terms of geographical contribution, North America remained the largest market for TPV, accounting for 33.8 percent of the consolidated turnover in the first half. In China, TPV maintained its position as the largest monitor supplier in the country, commanding over 40 percent of the market share. Consequently, China accounted for 21.7 percent of the consolidated turnover, slightly behind Europe's 22.2 percent. The Group has also made significant inroads into the highly competitive Japan market. Revenue contribution in the first six months of 2006 doubled that of the same period last year to reach US$247 million or 7.6 percent of the consolidated turnover.

Business Review (Continued)

R&D plays a key role in the success of TV business. The quick integration of the acquired Philips' R&D platform has greatly enhanced the Group's TV development capability and know-how. The combined R&D unit enables the Group to speed up the development cycle, shorten the time-to-market of a wider spectrum of TV models, increase productivity and drive down production costs. In addition, the ERP platform leased from Philips had been fully localized, ahead of schedule and within budget, overcoming a major hurdle and eliminating an important transitional cost.

TPV continued to optimize its production capacity and efficiency. The production site at Dongguan was totally shut down at the end of the first quarter and its lines and equipment transferred to other production plants. The production facilities at Suzhou, which were previously housed in two separate factory buildings, have been realigned and merged into a single plant to focus on the production of flat TVs.

Prospects

At the industry level, the cyclical bottom in monitor panel prices was reached in June this year. From there, the long-expected signs of recovery in demand for and prices of monitors, and hence TFT-LCD panels, were evident. Demand for monitors has picked up strongly since July as channels have begun to stock up for the peak season of the year. Consequently, monitor panel prices have, on an average, gone up by 10 to 15 percent in the first two months of the third quarter. LCD TV demand has also gained momentum as the current price appear very attractive to consumers in the more affluent developed countries.

Global flat TV shipment is projected to reach 52 million units in 2006 and 75 million units in 2007. Cost pressure will trigger more branded TV makers to outsource production in order to stay competitive, which augurs well for TPV who is well positioned to ride on the outsourcing boom. This trend, coupled with a stronger than expected TFT-LCD monitor shipment and improving operating environment, would hopefully lead to better margins in the second half of the year.

The successful integration of Philips contributed business will continue to propel market share, reinforcing TPV's pole position in the global monitor and TV markets. TPV has moved up from the eighth to the sixth position among the global LCD TV makers. We believe that the extensive geographical reach, scale economies and technology expertise built over time will continue to benefit the Group's profitability.

TPV continues to take steps to rationalize costs. The Group has started ramp up a number of key components in-house, such as Low Voltage Differential Signal Wire (LVDS), mechanical hinges, transformers and toolings. These will lead to not only cost savings but also higher flexibility to meet the Group's quantity and quality requirements.

Secondly, we have been gradually rationalizing outside suppliers to achieve greater volume discount, particularly on expenses relating to logistics. In addition, the two Liquid Crystal Display Module ("LCM") plants are on track to meet the 5 million output target.

The enormous growth in public advertising and information display has boosted the demand for high quality, large-sized monitors. The Group will introduce an extensive range of wide format monitors (16:9) to meet the growing demand in this area.

Prospects (Continued)

In February 2006, the Group raised approximately US$121 million (net proceeds) through a top-up placement of 106.5 million new shares for working capital and capital expenditure. The Group plans to set up a production plant in Eastern Europe to stay ahead of competition. The establishment of a new production plant in Eastern China is also on the cards; the construction is expected to be completed by the end of next year.

TPV's unwavering focus on improving top and bottom lines in every market, combined with the Group's cost saving initiatives, would lead to more market share gains as demand picks up and outsourcing trend gains momentum.

Share Placement

On 24 February 2006, the Company entered into certain placing agreements (the "Placement") under which 106,500,000 existing ordinary shares in the Company were placed at a price of HK$9.00 per share (the "Placing Price") and the Company subsequently issued 106,500,000 new ordinary shares (the "New Shares") at a price of HK$8.7876 per share (the "Subscription Price"), which is equivalent to the Placing Price net of all costs and expenses incurred by the subscribers as a result of the Placement. The net proceeds of approximately US$121 million were used for expansion of the Company's LCD business, maintenance of capital expenditures and general working capital. The Placing Price represented a discount of approximately 6.74% to the closing price of HK$9.65 per share as quoted on The Stock Exchange of Hong Kong Limited (the "Exchange") on 24 February 2006. The New Shares represented approximately 5.92% of the issued share capital of the Company prior to the placement.

Liquidity, Financial Resources and Capital Structure

The Group continued to finance its operations from internal cash flows and banking facilities. As at 30 June 2006, the Group's cash and bank balances (including pledged bank deposits) stood at US$187.9 million (31 December 2005: US$418.7 million). Credit facilities obtained from banks amounted to US$3.5 billion (31 December 2005: US$3.0 billion) of which US$877.98 million (31 December 2005: US$1.2 billion) were utilized as at 30 June 2006.

All bank debts were borrowed on floating-rate basis and denominated in US dollar. The maturity profile of bank debts was as follows:

	30 June 2006 US$'000	31 December 2005 US$'000
Within one year	**136,019**	285,380
In the second year	**68,000**	96,000

Benefits of the adoption of VMIS (Vendors-Managed Inventory System) in 2004 continued through 2006. Inventory turnover days stood at 47.9 for the six months ended 30 June 2006 (31 December 2005: 32.6). Trade receivables turnover days were 64.7 (31 December 2005: 53.2), while trade payables turnover days were 76.7 (31 December 2005: 63.4).

Liquidity, Financial Resources and Capital Structure (Continued)

The Group's gearing ratio, representing the ratio of total debts to total assets, was 14.2 percent at the end of June 2006. Current ratio stood at a comfortable level of 149 percent.

To cope with the additional working capital requirement that came with the growing business and the capital expenditure budgeted for this year and next year, the Group raised approximately US$121 million through a top-up placement in February 2006 to finance part of this requirement and intended to fund the balance by way of internal cash flows and banking facilities.

Pledge of Assets

As at 30 June 2006, approximately US$13,362,000 (31 December 2005: US$13,671,000) of property, plant and equipment, US$834,000 (31 December 2005: US$836,000) of land use rights and US$2,216,000 (31 December 2005: US$3,861,000) of bank deposits have been pledged as security for the Group's general banking facilities of approximately US$87,000,000 (31 December 2005: US$115,000,000). As at 30 June 2006, the amount so utilized amounted to approximately US$21,582,000 (31 December 2005: US$51,383,000).

Foreign Exchange Risk

As at 30 June 2006, the Group had outstanding commitments in respect of forward contracts in order to hedge against the Group's exposure in foreign currencies from its operations as follows:

	30 June 2006 US$'000	31 December 2005 US$'000
Sell Euros for US Dollars	**8,862**	10,732
Sell Japanese Yen for US Dollars	**4,000**	6,000
Sell US Dollars for Renminbi	**1,529,400**	1,035,000
Sell Renminbi for US Dollars	**1,584,400**	1,045,000

Workforce

As at 30 June 2006, the Group had a workforce of 24,268. Employee's remuneration is consistent with the industry practice in the respective countries/places where the Group operates.

Directors' Interests

As at 30 June 2006, 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 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 OF THE COMPANY

Name of director	Type of interest	Number of shares held (long position)
Dr Hsuan, Jason	Corporate and Family (note 1)	27,855,823
Mr Houng Yu-Te	Personal	3,619,537
Mr Wang Dongsheng	Personal	170,000
Mr Chen Yanshun	Personal	70,000
Mr Wang Yanjun	Personal	70,000

Notes:

(1) The interest of Dr Hsuan, Jason disclosed herein includes the holding of 25,854,803 shares by Bonstar International Limited, a company beneficially and wholly owned by Dr Hsuan, Jason; and the holding of 2,001,020 shares by the spouse of Dr Hsuan, Jason.

(2) The interests of directors in share options of the Company are detailed in the paragraph headed "Share Option".

Save as disclosed above, as at 30 June 2006, 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.

Furthermore, at no time during the six months ended 30 June 2006 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 30 June 2006, the Company has no ultimate holding company.

Substantial Shareholders' Interests

As at 30 June 2006, 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 AND THE CONVERTIBLE BOND OF THE COMPANY

Name of shareholder	Number of shares held (long position)	Maximum number of shares that may be converted under the convertible bond (long position)
BOE Technology Group Co., Limited (京東方科技集團股份有限公司)	424,360,191	Nil
Philips Electronics Hong Kong Limited	263,176,463 (note 1)	341,787,615 (note 1)
Koninklijke Philips Electronics N.V.	263,176,463 (note 1)	341,787,615 (note 1)
Philips Electronics China B.V.	263,176,463 (note 1)	341,787,615 (note 1)
Brilliant Way Investment Limited	99,909,000 (note 2)	Nil
Pacific Industries and Development Limited	99,909,000 (note 2)	Nil
Mr Djuhar, Sutanto	99,909,000 (note 2)	Nil
Mr Djuhar, Johny	99,909,000 (note 2)	Nil
Mr Djuhar, Tedy	99,909,000 (note 2)	Nil
KMP Atlantic Limited	99,909,000 (note 2)	Nil
Mr Salim, Anthoni	99,909,000 (note 2)	Nil

Notes:

(1) These shares are held by Philips Electronics Hong Kong Limited ("PEHKL"). PEHKL is owned as to 42 percent by Koninklijke Philips Electronics N.V. ("Philips") and as to 58 percent by Philips Electronics China B.V. ("PEC"). PEC is a wholly-owned subsidiary of Philips.

Pursuant to the terms of the said convertible bond, 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 bond by PEHKL.

(2) These 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

At the annual general meeting held on 15 May 2003, shareholders of the Company approved the adoption of a new share option scheme (the “New Scheme”) in place of the Company’s share option scheme adopted on 21 September 1999 (the “Previous Scheme”) such that no further options should thereafter be granted under the Previous Scheme but the provisions of the Previous Scheme should 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.

During the six months ended 30 June 2006, no share options has been granted or cancelled.

Particulars of outstanding options under the Previous Scheme and the New Scheme at the beginning and at the end of the financial period for the six months ended 30 June 2006 and options exercised and lapsed during the period were as follows:

				Number of options			
	Date of grant	Exercise price	Exercisable period	As at 01/01/2006	Exercised	Lapsed	As at 30/06/2006
		HK$					
Directors							
Dr Hsuan, Jason	20/05/2004	4.735 (note 5)	08/06/2006 – 19/05/2009	900,000	0	0	900,000
			08/06/2007 – 19/05/2009	1,500,000	0	0	1,500,000
Mr Houng Yu-Te	03/11/2003	4.140 (note 4)	08/06/2004 – 02/11/2008	560,000	478,000	0	82,000
			08/06/2005 – 02/11/2008	840,000	0	0	840,000
			08/06/2006 – 02/11/2008	1,400,000	0	0	1,400,000
	20/05/2004	4.735 (note 5)	08/06/2005 – 19/05/2009	600,000	0	0	600,000
			08/06/2006 – 19/05/2009	900,000	0	0	900,000
			08/06/2007 – 19/05/2009	1,500,000	0	0	1,500,000

Share Option (Continued)

	Date of grant	Exercise price HK$	Exercisable period	Number of options As at 01/01/2006	Exercised	Lapsed	As at 30/06/2006
Directors (Continued)							
Mr Wang Dongsheng	20/05/2004	4.735 (note 5)	08/06/2005 – 19/05/2009	400,000	400,000	0	0
			08/06/2006 – 19/05/2009	600,000	0	0	600,000
			08/06/2007 – 19/05/2009	1,000,000	0	0	1,000,000
Mr Chen Yanshun	20/05/2004	4.735 (note 5)	08/06/2005 – 19/05/2009	200,000	200,000	0	0
			08/06/2006 – 19/05/2009	300,000	0	0	300,000
			08/06/2007 – 19/05/2009	500,000	0	0	500,000
Mr Wang Yanjun	20/05/2004	4.735 (note 5)	08/06/2005 – 19/05/2009	200,000	200,000	0	0
			08/06/2006 – 19/05/2009	300,000	0	0	300,000
			08/06/2007 – 19/05/2009	500,000	0	0	500,000
Employees	26/02/2001	0.670 (note 1)	26/02/2004 – 25/02/2006	100,000	100,000	0	0
	02/05/2002	3.300 (note 2)	08/06/2004 – 01/05/2007	1,707,000	220,000	0	1,487,000
			08/06/2005 – 01/05/2007	2,719,000	422,000	0	2,297,000
	01/08/2002	2.325 (note 3)	08/06/2004 – 31/07/2007	5,515,000	3,143,000	0	2,372,000
			08/06/2005 – 31/07/2007	7,518,000	735,000	0	6,783,000

Share Option (Continued)

Date of grant	Exercise price HK$	Exercisable period	Number of options: As at 01/01/2006	Exercised	Lapsed	As at 30/06/2006
Employees (Continued)						
03/11/2003	4.140 (note 4)	08/06/2004 – 02/11/2008	3,140,000	1,420,000	0	1,720,000
		08/06/2005 – 02/11/2008	5,820,000	2,330,000	0	3,490,000
		08/06/2006 – 02/11/2008	16,410,000	0	0	16,410,000
20/05/2004	4.735 (note 5)	08/06/2005 – 19/05/2009	14,804,000	4,363,200	60,000	10,380,800
		08/06/2006 – 19/05/2009	30,588,000	0	150,000	30,438,000
		08/06/2007 – 19/05/2009	50,980,000	0	250,000	50,730,000
						137,029,800

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 26 February 2001 are 20 percent, 50 percent and 100 percent respectively. The exercisable period of these options expired on 25 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 8 June 2004 to 1 May 2007 and from 8 June 2005 to 1 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 8 June 2004 to 31 July 2007 and from 8 June 2005 to 31 July 2007 are 50 percent and 100 percent respectively.

(4) 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 8 June 2004 to 2 November 2008, from 8 June 2005 to 2 November 2008 and from 8 June 2006 to 2 November 2008 are 20 percent, 50 percent and 100 percent respectively.

(5) 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 8 June 2005 to 19 May 2009, from 8 June 2006 to 19 May 2009 and from 8 June 2007 to 19 May 2009 are 20 percent, 50 percent and 100 percent respectively.

Share Option (Continued)

Details of share options exercised during the period:

Exercise Price per share	Number of options exercised	Weighted average closing price per share immediately before the dates of exercise of options
HK$0.670	100,000	HK$8.50
HK$3.300	642,000	HK$8.63
HK$2.325	3,878,000	HK$8.24
HK$4.140	4,228,000	HK$8.61
HK$4.735	5,163,200	HK$8.48

Purchase, Sale and Redemption of Shares

Except for the share placement as stated above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2006.

Corporate Governance

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

During the six month ended 30 June 2006, the Company has complied with all the code provisions in the "Code on Corporate Governance Practices" (the "CG Code") set out in Appendix 14 to the Listing Rules except for the deviation from code provisions A.2.1 and A.4.1 of the CG Code which are explained below.

The board will continue to review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

Corporate Governance (Continued)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

– ensuring that independent non-executive directors have free and direct access to both the Company's management, internal audit division, external 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. The board continually reviews the effectiveness of the Group's corporate governance structure to assess whether any changes, including the separation of the roles of chairman and chief executive officer, are necessary.

RE-ELECTION OF DIRECTORS

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

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

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 CG Code to set up a nomination committee in the meantime.

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 set out in the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") in the Listing Rules.

Specific enquiries have been made with all directors who have confirmed that they have complied with the required standard set out in the Model Code and in the Internal Rules during the six months ended 30 June 2006.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are subject to compliance with the Company's "Code for Securities Transactions by Relevant Employees" (the "RE Code") in respect of their dealings in the securities of the Company. Likewise, the RE Code is prepared on terms no less exacting than the required standard set out in the Model Code.

Audit Committee

The Company has established an audit committee with specific written terms of reference which are in line with the relevant code provisions of the CG Code. All the members of the audit committee are independent non-executive directors.

The audit committee meets the external auditors regularly to discuss any areas of concerns during the audits and review. The audit committee reviews the interim and annual results before submission to the board. The committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual results.

The audit committee is provided with sufficient resources by the Company, including the advice of the external auditors and internal auditors, to discharge its duties.

Remuneration Committee

The Company has established a remuneration committee with specific written terms of reference which are in line with the relevant code provisions of the CG Code.

Chaired by an independent non-executive director, the Remuneration Committee currently has a membership comprising three independent non-executive directors and the Chairman and Chief Executive Officer of the Company.

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.

Other Information

The unaudited condensed consolidated financial information for the six months ended 30 June 2006 have been reviewed by the Company's auditors, PricewaterhouseCoopers, in accordance with SAS 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants.

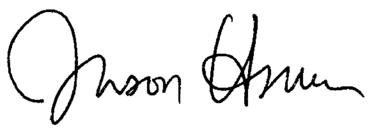
Closure of Registers of Members

The registers of members of the Company will be closed from Wednesday, 11 October 2006 to Friday, 13 October 2006, 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, Computershare Hong Kong Investor Services Limited, at Hopewell Centre, 46th Floor, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on Tuesday, 10 October 2006 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 Tuesday, 10 October 2006 (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, Mr Wang Yanjun, Mr Maarten Jan de Vries and Mr Chang, Yueh, David 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, 12 September 2006

CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Note	Unaudited Six months ended 30 June 2006 US$'000	2005 US$'000
Turnover	4	**3,251,247**	1,826,321
Cost of goods sold		**(3,074,254)**	(1,711,244)
Gross profit		**176,993**	115,077
Other income		**19,326**	14,257
Selling and distribution expenses		**(46,020)**	(36,934)
Administrative expenses		**(22,825)**	(7,949)
Research and development expenses		**(24,455)**	(11,036)
Operating profit	4 & 5	**103,019**	73,415
Finance costs	6	**(18,738)**	(4,982)
Share of profits less losses of associated companies		**(523)**	947
Profit before taxation		**83,758**	69,380
Taxation	7	**(6,773)**	(4,558)
Profit for the period		**76,985**	64,822
Attributable to:			
Equity holders of the Company		**74,135**	64,802
Minority interest		**2,850**	20
		76,985	64,822
Earnings per share for profit attributable to equity holders of the Company	8		
– Basic		**US3.96 cents**	US4.61 cents
– Fully diluted		**US3.48 cents**	US4.52 cents
Interim dividend	9	**15,323**	10,184

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2006

	Note	Unaudited 30 June 2006 US$'000	Audited 31 December 2005 US$'000
Assets			
Non-current assets			
Intangible assets	10	**359,498**	359,525
Property, plant and equipment	10	**176,151**	161,780
Land use rights	10	**12,494**	12,589
Interests in associated companies		**7,047**	7,570
Available-for-sale financial assets		**1,019**	899
Deferred tax assets		**16,198**	15,567
		572,407	557,930
Current assets			
Inventories		**925,025**	687,663
Trade receivables	11	**965,393**	1,250,689
Trade amounts due from associated companies	12	**54,646**	35,078
Deposits, prepayments and other receivables		**121,354**	102,205
Other financial assets at fair value through profit or loss		**1,913**	1,913
Pledged bank deposits	17	**2,216**	3,861
Bank balances and cash		**185,688**	414,885
		2,256,235	2,496,294
Total assets		**2,828,642**	3,054,224
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	**19,154**	17,949
Reserves			
– Proposed dividend		**15,323**	38,244
– Others		**997,385**	799,663
		1,031,862	855,856
Minority interest		**12,559**	9,709
Total equity		**1,044,421**	865,565

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (Continued)

AS AT 30 JUNE 2006

	Note	Unaudited 30 June 2006 US$'000	Audited 31 December 2005 US$'000
Liabilities			
Non-current liabilities			
Borrowings	14	**266,328**	292,779
Pension obligations		**3,198**	3,198
		269,526	295,977
Current liabilities			
Trade payables	15	**1,218,480**	1,366,839
Other payables and accruals		**121,663**	195,556
Taxation payable		**3,803**	8,557
Warranty provisions	16	**32,039**	34,245
Derivative financial instruments		**2,691**	2,105
Borrowings	14	**136,019**	285,380
		1,514,695	1,892,682
Total liabilities		**1,784,221**	2,188,659
Total equity and liabilities		**2,828,642**	3,054,224
Net current assets		**741,540**	603,612
Total assets less current liabilities		**1,313,947**	1,161,542

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Unaudited													
	Attributable to equity holders of the Company													
	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$'000	Assets revaluation surplus US$'000	Convertible bond US$'000	Retained profits US$'000	Minority interest US$'000	Total equity US$'000
Balance at 1 January 2006	17,949	347,204	23,270	12	8,334	1,406	28,838	10,001	(1,027)	5,308	58,271	356,290	9,709	865,565
Fair value gain on available-for-sale financial assets	–	–	–	–	–	–	–	–	64	–	–	–	–	64
Exchange differences	–	–	–	–	–	11,249	–	–	–	–	–	–	–	11,249
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	74,135	2,850	76,985
Transfer from retained profits	–	–	7,399	–	–	–	–	–	–	–	–	(7,399)	–	–
Employee share option scheme:														
– Employee share-based compensation benefits	–	–	–	–	1,412	–	–	–	–	–	–	–	–	1,412
– Issue of new shares pursuant to exercise of share options, net of expenses	140	6,704	–	–	–	–	–	–	–	–	–	–	–	6,844
– Issue of new shares, net of issuing expenses	1,065	119,538	–	–	–	–	–	–	–	–	–	–	–	120,603
2005 final dividend paid	–	–	–	–	–	–	–	–	–	–	–	(38,301)	–	(38,301)
Exercise of share options	–	995	–	–	(995)	–	–	–	–	–	–	–	–	–
Balance at 30 June 2006	19,154	474,441	30,669	12	8,751	12,655	28,838	10,001	(963)	5,308	58,271	384,725	12,559	1,044,421
Represented by:														
Reserves												369,402		
Proposed interim dividend												15,323		
Balance at 30 June 2006												384,725		

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2005

	Unaudited											
	Attributable to equity holders of the Company											
	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	Minority interest US$'000	Total equity US$'000
Balance at 1 January 2005, as previously reported	14,033	78,442	13,356	12	–	(4,802)	28,137	10,001	–	268,299	–	407,478
Balance at 1 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 1 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	–	–	–	–	–	–	–	–	(179)	–	–	(179)
Exchange differences	–	–	–	–	–	214	–	–	–	–	–	214
Profit for the period	–	–	–	–	–	–	–	–	–	64,802	20	64,822
Transfer from retained profits	–	–	5,520	–	–	–	–	–	–	(5,520)	–	–
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 30 June 2005	14,144	82,607	18,876	12	8,259	(4,588)	28,137	10,001	(179)	288,842	32	446,143
Represented by:												
Reserves										278,658		
Proposed interim dividend										10,184		
Balance at 30 June 2005										288,842		

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Note	Unaudited Six months ended 30 June 2006 US$'000	 2005 US$'000
Cash flows from operating activities – net		**(123,031)**	10,232
Cash flows from investing activities:			
– purchases of property, plant and equipment and land use rights	10	**(33,701)**	(27,848)
– other investing cash flows – net		**4,091**	2,081
Cash flows from investing activities – net		**(29,610)**	(25,767)
Cash flows from financing activities:			
– dividends paid		**(38,301)**	(22,340)
– inceptions of borrowings	14	**586,540**	45,000
– repayments of borrowings	14	**(763,901)**	(58,200)
– issue of new shares		**127,447**	4,276
– other finance cash flows – net		**1,645**	700
Cash flows from financing activities – net		**(86,570)**	(30,564)
Net decrease in cash and cash equivalents		**(239,211)**	(46,099)
Cash and cash equivalents at start of period		**414,885**	321,456
Effect of foreign exchange rate changes		**10,014**	(643)
Cash and cash equivalents at end of period		**185,688**	274,714
Analysis of balances of cash and cash equivalents:			
Bank balances and cash		**185,688**	274,714

SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

TPV Technology Limited (the "Company") and its subsidiaries (together the "Group") designs, manufactures and sells computer monitors and flat TV products. The Group manufactures in the People's Republic of China ("PRC") and sells mainly to Europe, North and South America, PRC and other Asian countries.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The shares of the Company are primarily listed on The Stock Exchange of Hong Kong Limited and secondarily listed on the Singapore Exchange Securities Trading Limited.

This condensed consolidated interim financial information was approved for issue on 12 September 2006.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2006 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2005.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2005, as described in the annual financial statements for the year ended 31 December 2005.

The following new standards, amendments to standards and interpretations, which are relevant to the Group's operations, are mandatory for financial year ending 31 December 2006.

- Amendment to HKAS 19, "Actuarial gains and losses, group plans and disclosures", effective for annual periods beginning on or after 1 January 2006. The Group decided to retain its former accounting policy regarding the recognition of actuarial gains and losses;

- Amendment to HKAS 39, "The fair value option", effective for annual periods beginning on or after 1 January 2006. This amendment does not have any impact on the classification and valuation of the Group's financial instruments classified as at fair value through profit or loss prior to 1 January 2006 as the Group is able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss; and

- Amendment to HKAS 39 and HKFRS 4, "Financial guarantee contracts", effective for annual periods beginning on or after 1 January 2006. This amendment had no material effect on the results of the Group.

3 ACCOUNTING POLICIES (Continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2006 and have not been early adopted:

- HK(IFRIC)-Int 7, "Applying the restatement approach under HKAS 29", effective for annual periods beginning on or after 1 March 2006. Management do not expect the interpretation to be relevant to the Group;

- HK(IFRIC)-Int 8, "Scope of HKFRS 2", effective for annual periods beginning on or after 1 May 2006. Management is currently assessing the impact of HK(IFRIC)-Int 8 on the Group's operations;

- HK(IFRIC)-Int 9, "Reassessment of embedded derivatives", effective for annual periods beginning on or after 1 June 2006. Management believes that this interpretation should not have a significant impact on the reassessment of embedded derivatives as the Group already assessed if embedded derivative should be separated using principles consistent with HK(IFRIC)-Int 9; and

- HKFRS 7, "Financial instruments: Disclosures", effective for annual periods beginning on or after 1 January 2007. HKAS 1, "Amendments to capital disclosures", effective for annual periods beginning on or after 1 January 2007. The Group assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will apply HKFRS 7 and the amendment to HKAS 1 from annual periods beginning 1 January 2007.

4 SEGMENT INFORMATION

Primary reporting format – business segments

The Group's businesses are managed according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

At 30 June 2006, the Group is organised on a worldwide basis into three main business segments:

Manufacturing and sales of:

(1) LCD monitors;

(2) CRT monitors, and

(3) LCD TVs

4 SEGMENT INFORMATION (Continued)

Primary reporting format – business segments (Continued)

Others mainly comprise the sales of CRT TVs, plasma TVs, chassis, spare parts, CKD/SKD and other general corporate items. Neither of these constitutes a separately reportable segment.

The segment results for the six months ended 30 June 2006 are as follows:

	For the six months ended 30 June 2006				
	LCD monitors US$'000	CRT monitors US$'000	LCD TVs US$'000	Others US$'000	Total US$'000
Turnover	2,214,727	522,449	379,596	134,475	3,251,247
Cost of goods sold	(2,097,904)	(472,024)	(371,658)	(132,668)	(3,074,254)
Other income excluding interest income, export incentives received, fiscal refund received and localization incentives received	2,282	549	292	117	3,240
Operating expenses	(42,665)	(35,320)	(12,432)	(2,883)	(93,300)
Segment results	76,440	15,654	(4,202)	(959)	86,933
Interest income					4,141
Export incentives received (Note (a))					1,499
Fiscal refund received (Note (b))					3,047
Localization incentives received (Note (c))					7,399
Operating profit					103,019
Finance costs					(18,738)
Share of profits less losses of associated companies					(523)
Profit before taxation					83,758
Taxation					(6,773)
Profit for the period					76,985

4 SEGMENT INFORMATION (Continued)

Primary reporting format – business segments (Continued)

The segment results for the six months ended 30 June 2005 are as follows:

	For the six months ended 30 June 2005				
	LCD monitors US$'000	CRT monitors US$'000	LCD TVs US$'000	Others US$'000	Total US$'000
Turnover	1,385,611	380,108	37,114	23,488	1,826,321
Cost of goods sold	(1,307,596)	(344,939)	(36,381)	(22,328)	(1,711,244)
Other income excluding interest income, export incentives received, fiscal refund received and localization incentives received	2,366	649	81	22	3,118
Operating expenses	(25,842)	(27,273)	(1,800)	(1,004)	(55,919)
Segment results	54,539	8,545	(986)	178	62,276
Interest income					2,081
Export incentives received (Note (a))					2,636
Fiscal refund received (Note (b))					902
Localization incentives received (Note (c))					5,520
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

4 SEGMENT INFORMATION (Continued)

Primary reporting format – business segments (Continued)

Notes:

(a) Export incentives were received from the local government of Fuqing, PRC.

(b) Fiscal refund was received from the Fuqing Municipal Finance Bureau.

(c) Localization incentives were received from the government of Brazil for the localization of production in one of its special economic zones. Pursuant to the local law in Brazil, this amount of localization incentives has been directly credited to reserves in local subsidiary accounts. In preparing this condensed consolidated interim financial information, this amount of localization incentives was recognized as an income in the current period and the same amount was appropriated to reserves as at 30 June 2006.

Other segment terms included in the profit and loss account are as follows:

	For the six months ended 30 June 2006				
	LCD monitors US$'000	**CRT monitors US$'000**	**LCD TVs US$'000**	**Others US$'000**	**Total US$'000**
Depreciation	**11,047**	**3,878**	**2,434**	**2,692**	**20,051**
Amortization	**–**	**27**	**–**	**–**	**27**

	For the six months ended 30 June 2005				
	LCD monitors US$'000	CRT monitors US$'000	LCD TVs US$'000	Others US$'000	Total US$'000
Depreciation	4,254	2,981	733	870	8,838
Amortization	–	27	–	–	27

4 SEGMENT INFORMATION (Continued)

Primary reporting format – business segments (Continued)

The segment assets and liabilities at 30 June 2006 and capital expenditure for the six months then ended are as follows:

	LCD monitors US$'000	CRT monitors US$'000	LCD TVs US$'000	Others US$'000	Total US$'000
Balance sheet					
Segment assets	1,861,648	302,743	287,204	162,966	2,614,561
Interests in associated companies					7,047
Unallocated assets					207,034
Total assets					2,828,642
Segment liabilities	(1,085,781)	(221,955)	(45,750)	(25,697)	(1,379,183)
Unallocated liabilities					(405,038)
Total liabilities					(1,784,221)
Capital expenditure	22,470	3,053	5,171	3,007	33,701

4 SEGMENT INFORMATION (Continued)

Primary reporting format – business segments (Continued)

The segment assets and liabilities at 31 December 2005 and capital expenditure for the six months ended 30 June 2005 are as follows:

	LCD monitors US$'000	CRT monitors US$'000	LCD TVs US$'000	Others US$'000	Total US$'000
Balance sheet					
Segment assets	2,051,041	309,858	130,310	118,320	2,609,529
Interests in associated companies					7,570
Unallocated assets					437,125
Total assets					3,054,224
Segment liabilities	(1,278,274)	(266,253)	(50,000)	(13,868)	(1,608,395)
Unallocated liabilities					(580,264)
Total liabilities					(2,188,659)
Capital expenditure	20,520	5,166	1,022	1,140	27,848

Segment assets consist primarily of intangible assets, property, plant and equipment, land use rights, inventories, trade receivables, deposits, prepayments and other receivables. They exclude deferred tax assets, available-for-sale financial assets, other financial assets at fair value through profit or loss, pledged bank deposits, and bank balances and cash.

Segment liabilities comprise trade payables, other payables and accruals, taxation payable and warranty provisions. They exclude borrowings and derivative financial instruments.

Capital expenditure comprises additions to property, plant and equipment (Note 10) and land use rights (Note 10).

4 SEGMENT INFORMATION (Continued)

Secondary reporting format – geographical segments

	For the six months ended 30 June 2006		
	Turnover US$'000	Operating profit US$'000	Capital expenditure US$'000
Europe	**723,132**	**22,667**	**157**
North America	**1,098,097**	**33,139**	**1**
South America	**114,220**	**5,533**	**934**
Africa	**25,507**	**406**	**–**
Australia	**64,923**	**887**	**–**
Asia			
– PRC	**707,094**	**34,779**	**30,360**
– other Asian countries	**518,274**	**5,608**	**2,249**
	3,251,247	**103,019**	**33,701**

	For the six months ended 30 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

4 SEGMENT INFORMATION (Continued)

Secondary reporting format – geographical segments (Continued)

Total assets

	30 June 2006 US$'000	31 December 2005 US$'000
Europe	**27,950**	47,017
North America	**498,875**	322,815
South America	**93,864**	66,715
Australia	**409**	389
Asia		
– PRC	**921,068**	1,180,918
– other Asian countries	**1,279,429**	1,428,800
	2,821,595	3,046,654
Interests in associated companies	**7,047**	7,570
	2,828,642	3,054,224

Sales are based on the country in which the final destination of shipment is located.

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

SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5 OPERATING PROFIT

The following items have been credited/charged to the operating profit during the interim period:

	Six months ended 30 June	
	2006	2005
	US$'000	US$'000
Crediting		
Net exchange gains (included in administrative expenses)	**9,033**	6,571
Reversal of provision for bad and doubtful debts	**–**	67
Unrealized gain on forward contracts	**–**	4,068
Charging		
Employee benefit expense (including directors' emoluments)	**61,068**	30,769
Depreciation and amortization	**20,078**	8,865
Loss on disposal of plant and equipment	**603**	152
Provision for warranty (Note 16)	**24,384**	11,136
Provision for bad and doubtful debts	**202**	–
Write-down of inventories to net realizable value	**3,703**	3,246
Unrealized loss on forward contracts	**586**	–

6 FINANCE COSTS

	Six months ended 30 June	
	2006	2005
	US$'000	US$'000
Interest on bank borrowings wholly repayable within five years	**13,623**	4,982
Interest on convertible bond (Note 14)	**5,115**	–
	18,738	4,982

No borrowing costs were capitalized during the six months ended 30 June 2006 and 2005.

7 TAXATION

No provision was made for Hong Kong profits tax as the Group has no profit assessable to Hong Kong profits tax for the six months ended 30 June 2006 (six months ended 30 June 2005: Nil).

Taxation on overseas profits was calculated on the estimated assessable profits for the six months ended 30 June 2006 at the rates of taxation prevailing in the countries/places in which the Group operates.

A subsidiary, Top Victory Electronics (Fujian) Company Limited, that was established in an economic and technological development zone in PRC, was subject to the PRC enterprise income tax rate of 15% under the tax regulations of PRC. It also enjoyed a further 5% reduction in the PRC enterprise income tax rate as its export sales were over 70% of the total sales in the six months ended 30 June 2006.

Another subsidiary, TPV Electronics (Fujian) Company Limited, that was established in an economic and technological development zone in PRC, was subject to the PRC enterprise income tax rate of 15% under the tax regulations of PRC. However, it has been fully exempted from the PRC enterprise income tax in 2002 and 2003 and entitled to a preferential income tax rate of 7.5% in 2004, 2005 and 2006.

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

	Six months ended 30 June	
	2006	2005
	US$'000	US$'000
Current taxation – Overseas taxation	**7,404**	4,492
Deferred taxation	**(631)**	66
Taxation charge	**6,773**	4,558

The Group did not share any of its associated companies' taxation for the six months ended 30 June 2006. For the six months ended 30 June 2005, taxation of US$137,000 was included in the condensed consolidated profit and loss account as share of profits less losses of associated companies.

8 EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit attributable to equity holders of the Company of approximately US$74,135,000 for the six months ended 30 June 2006 (six months ended 30 June 2005: US$64,802,000) and the weighted average number of 1,869,887,942 (six months ended 30 June 2005: 1,404,739,816) ordinary shares in issue during the period.

The fully diluted earnings per share is calculated based on the adjusted profit attributable to equity holders of the Company, which is adjusted to eliminate the interest expense on convertible bond less the tax effect, of US$79,250,000 for the six months ended 30 June 2006 (six months ended 30 June 2005: US$64,802,000) and 2,278,152,411 (six months ended 30 June 2005: 1,432,452,176) ordinary shares. The number of shares for fully diluted earnings per share represents the weighted average number of ordinary shares in issue during the period plus the weighted average number of 66,476,854 (six months ended 30 June 2005: 27,712,360) ordinary shares deemed to be issued at nil consideration if all outstanding share options had been exercised and the weighted average number of 341,787,615 (six months ended 30 June 2005: Nil) ordinary shares deemed to be issued at nil consideration if the convertible bond had been converted.

9 INTERIM DIVIDEND

	Six months ended 30 June	
	2006	2005
	US$'000	US$'000
Interim, proposed, of US0.80 cent (2005: US0.72 cent) per ordinary share	**15,323**	10,184

The directors declared on 12 September 2006 an interim dividend of US0.8 cent (2005: US0.72 cent) per share payable in cash to shareholders. This interim dividend is not reflected as a dividend payable in these condensed consolidated interim financial information, but will be reflected as an appropriation of retained profits for the year ending 31 December 2006.

10 CAPITAL EXPENDITURE

	Property, plant and equipment US$'000	Land use rights US$'000	Intangible assets Goodwill US$'000	Trademarks US$'000	Total US$'000
Six months ended 30 June 2005					
Opening net book amount at 1 January 2005, as previously reported	65,471	–	4,825	480	5,305
Effect of adopting HKAS 17	(1,056)	1,056	–	–	–
Opening net book amount at 1 January 2005, as restated	64,415	1,056	4,825	480	5,305
Exchange adjustment	852	–	–	–	–
Additions	27,096	752	–	–	–
Disposals	(152)	–	–	–	–
Depreciation and amortization	(8,820)	(18)	–	(27)	(27)
Closing net book amount at 30 June 2005	83,391	1,790	4,825	453	5,278
Six months ended 30 June 2006					
Opening net book amount at 1 January 2006	**161,780**	**12,589**	**359,098**	**427**	**359,525**
Exchange adjustment	**1,205**	**24**	**–**	**–**	**–**
Additions	**33,701**	**–**	**–**	**–**	**–**
Disposals	**(603)**	**–**	**–**	**–**	**–**
Depreciation and amortization	**(19,932)**	**(119)**	**–**	**(27)**	**(27)**
Closing net book amount at 30 June 2006	**176,151**	**12,494**	**359,098**	**400**	**359,498**

At 30 June 2006, the net book amount of property, plant and equipment, and land use rights that had been pledged to banks to secure the banking facilities granted to the Group amounted to approximately US$13,362,000 (31 December 2005: US$13,671,000) and US$834,000 (31 December 2005: US$836,000) respectively (Note 17).

11 TRADE RECEIVABLES

	30 June 2006 US$'000	31 December 2005 US$'000
Trade receivables	**970,581**	1,255,723
Less: provision for impairment of receivables	**(5,188)**	(5,034)
Trade receivables, net	**965,393**	1,250,689

The Group's sales are on credit terms from 30 to 120 days and certain of its export sales are on letters of credit or documents against payment. At 30 June 2006 and 31 December 2005, the ageing analysis of the trade receivables were as follows:

	30 June 2006 US$'000	31 December 2005 US$'000
0 – 30 days	**578,062**	636,819
31 – 60 days	**215,522**	375,308
61 – 90 days	**129,479**	206,197
91 – 120 days	**22,389**	25,532
Over 120 days	**25,129**	11,867
	970,581	1,255,723

12 TRADE AMOUNTS DUE FROM ASSOCIATED COMPANIES

At 30 June 2006 and 31 December 2005, the ageing analysis of trade amounts due from associated companies were as follows:

	30 June 2006 US$'000	31 December 2005 US$'000
0 – 30 days	**41,533**	18,568
31 – 60 days	**13,113**	6,305
61 – 90 days	**–**	9,458
91 – 120 days	**–**	436
Over 120 days	**–**	311
	54,646	35,078

The trade amounts due from associated companies are unsecured, interest free and have normal commercial terms of repayment.

13 SHARE CAPITAL

	30 June 2006 US$'000	31 December 2005 US$'000
Authorized:		
4,000,000,000 (31 December 2005: 4,000,000,000) ordinary shares of US$0.01 each	**40,000**	40,000
Issued and fully paid:		
1,915,376,954 (31 December 2005: 1,794,865,754) ordinary shares of US$0.01 each	**19,154**	17,949

13 SHARE CAPITAL (Continued)

A summary of the movements in issued share capital of the Company is as follows:

	2006		2005	
	Number of issued ordinary shares of US$0.01 each	Par value US$'000	Number of issued ordinary shares of US$0.01 each	Par value US$'000
Opening balance at 1 January	**1,794,865,754**	**17,949**	1,403,284,264	14,033
Issue of shares pursuant to exercise of share options (note (a))	**14,011,200**	**140**	11,109,000	111
Issue of shares, net of issuing expenses (note (b))	**106,500,000**	**1,065**	–	–
Closing balance at 30 June	**1,915,376,954**	**19,154**	1,414,393,264	14,144

Notes:

(a): During the six months ended 30 June 2006, 14,011,200 (six months ended 30 June 2005: 11,109,000) new shares of US$0.01 each were issued upon exercise of share options under the share option scheme approved by the shareholders of the Company at exercise price ranging from HK$0.67 to HK$4.735 (US$0.09 to US$0.61) per share. These shares rank pari passu with the existing shares of the Company.

(b): Pursuant to a resolution passed at a directors' meeting held on 8 March 2006, the Company issued 106,500,000 ordinary shares of US$0.01 each to Brilliant Way Investment Limited and Bonstar International Limited at a subscription price of HK$8.7876 per share.

The Company has a share option scheme, under which it may grant options to directors and employees of the Group to subscribe for ordinary shares of the Company. During the six months ended 30 June 2006, 460,000 share options (six months ended 30 June 2005: 1,929,000) were lapsed in connection with the cessation of employment of certain employees.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

		Number of share options				
Date of grant	**Exercise price**	**At 1 January 2006**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**At 30 June 2006**
26 February 2001	HK$0.670	100,000	–	(100,000)	–	–
2 May 2002	HK$3.300	4,426,000	–	(642,000)	–	3,784,000
1 August 2002	HK$2.325	13,033,000	–	(3,878,000)	–	9,155,000
3 November 2003	HK$4.140	28,170,000	–	(4,228,000)	–	23,942,000
20 May 2004	HK$4.735	105,772,000	–	(5,163,200)	(460,000)	100,148,800

13 SHARE CAPITAL (Continued)

The share options exercised during the six months ended 30 June 2006 resulted in 14,011,200 (six months ended 30 June 2005: 11,109,000) ordinary shares being issued at HK$0.670 (US$0.09), HK$3.300 (US$0.42), HK$2.325 (US$0.30), HK$4.140 (US$0.53) and HK$4.735 (US$0.61), yielding the following proceeds:

	Six months ended 30 June	
	2006	2005
	US$'000	US$'000
Ordinary share capital – at par	**140**	111
Share premium	**6,704**	4,165
Proceeds	**6,844**	4,276

The related weighted average share price immediately before the date of exercise of the share options was HK$8.46 (US$1.09) (six months ended 30 June 2005: HK$5.51 (US$0.71)) per share.

14 BORROWINGS

	30 June	31 December
	2006	2005
	US$'000	US$'000
Non-current		
Bank borrowings	**68,000**	96,000
Convertible bond	**198,328**	196,779
	266,328	292,779
Current		
Bank borrowings	**136,019**	285,380
Total borrowings	**402,347**	578,159

14 BORROWINGS (Continued)

Movements in borrowings are analysed as follows:

	US$'000
Six months ended 30 June 2005	
Opening amount as at 1 January 2005	205,450
Inceptions of borrowings	45,000
Repayments of borrowings	(58,200)
Closing amount as at 30 June 2005	192,250
Six months ended 30 June 2006	
Opening amount as at 1 January 2006	578,159
Inceptions of borrowings	586,540
Repayments of borrowings	(763,901)
Convertible bond – liability component	1,549
Closing amount as at 30 June 2006	402,347

The Company issued a 3.35% convertible bond at a nominal value of US$211 million to Koninklijke Philips Electronics N.V. ("Philips") on 5 September 2005.

The bond matures five years from the issue date at its nominal value of US$211 million or can be converted into shares at the holder's option at conversion price as follows:

In respect of any conversion (i) pursuant to a conversion notice dated during the conversion period, HK$5.241, representing a premium of 20% over the issue price of HK$4.3674 per new ordinary share of the Company (the "Issue Price"); and (ii) pursuant to a conversion notice issued following the occurrence of a conversion event as defined in the share purchase agreement signed by the Company and Philips on 15 June 2005 and dated:

(a) before the first anniversary of the issue date, HK$4.804 representing a premium of 10% over the Issue Price;

14 BORROWINGS (Continued)

(b) on or after the first anniversary of the issue date but before the second anniversary of the issue date, HK$5.023 representing a premium of 15% over the Issue Price; or

(c) on or after the second anniversary of the issue date, HK$5.241 representing a premium of 20% over the Issue Price.

The conversion prices will be subject to adjustment for subdivision or consolidation of shares, bonus issues, rights issues, distribution of reserves, any dividend payment(s) in excess of the dividend payout ratio cap, capital reduction and other dilutive events.

The fair values of the liability component and the equity conversion component were determined at issuance of the bond.

The fair value of the liability component, included in long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The fair value of the equity conversion component, is included in shareholders' equity, net of tax.

The convertible bond recognized in the balance sheet is calculated as follows:

	2006	2005
	US$'000	US$'000
Equity component	**58,271**	–
Liability component at 1 January	**196,779**	–
Interest expense	**5,115**	–
Interest paid	**(3,566)**	–
Liability component at 30 June	**198,328**	–

The fair value of the liability component of the convertible bond at 30 June 2006 amounted to US$177,320,000. The fair value is calculated using cash flows discounted at a rate based on the borrowing rate of 8.20%.

Interest expense on the bond is calculated using the effective interest method by applying the effective interest rate of 5.29% to the liability component.

15 TRADE PAYABLES

At 30 June 2006 and 31 December 2005, the ageing analysis of trade payables were as follows:

	30 June 2006 US$'000	31 December 2005 US$'000
0 – 30 days	**425,143**	499,515
31 – 60 days	**407,735**	426,313
61 – 90 days	**248,464**	274,971
Over 90 days	**137,138**	166,040
	1,218,480	1,366,839

16 WARRANTY PROVISIONS

	Six months ended 30 June	
	2006 US$'000	2005 US$'000
Opening amount as at 1 January	**34,245**	20,910
Charged to the profit and loss account	**24,384**	11,136
Utilized during the period	**(26,590)**	(10,014)
Closing amount as at 30 June	**32,039**	22,032

The Group gives warranties ranging from 12 months to 36 months on certain products and undertakes to repair or replace items that fail to perform satisfactorily. The provision as at 30 June 2006 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 from the balance sheet date.

17 PLEDGE OF ASSETS

As at 30 June 2006, approximately US$13,362,000 (31 December 2005: US$13,671,000) of property, plant and equipment, US$834,000 (31 December 2005: US$836,000) of land use rights and US$2,216,000 (31 December 2005: US$3,861,000) of bank deposits have been pledged as security for the Group's general banking facilities of approximately US$87,000,000 (31 December 2005: US$115,000,000). As at 30 June 2006, the amount so utilized amounted to approximately US$21,582,000 (31 December 2005: US$51,383,000).

18 CONTINGENT LIABILITIES

(a) Corporate guarantees

	30 June 2006 US$'000	31 December 2005 US$'000
Guarantees in respect of banking facilities granted to an associated company	**7,000**	–

(b) 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, its 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.

18 CONTINGENT LIABILITIES (Continued)

(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 of damages related to alleged infringement of certain patents in respect of technology of the design and manufacture of LCD ("Patent II").

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 II 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 13 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 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 III").

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 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) the infringement of Patent III has been and continue to be deliberate and wilful, 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.

18 CONTINGENT LIABILITIES (Continued)

(d) (Continued)

The directors are of the opinion that while the proceedings were stayed to the extent the Group is concerned according to the Court's order granted on 17 November 2005, it is not probable to assess the future 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.

(e) In September 2005, an individual plaintiff commenced legal action in the United States of America against an associated company of the Group and other third party companies. This action claims damages related to alleged infringement of certain patents in respect of ergonomically adjustable flat panel displays ("Patent IV").

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

(i) it has made, used, offered for sale, imported and sold in the United States of America, and continues to make, use, offer for sale, import and sell in the United States of America flat panel displays which infringe Patent IV, induces others to infringe, and/or contributorily infringe Patent IV; and

(ii) the plaintiff has suffered damages as a result of the infringing activities, and will continue to suffer such damage as long as those infringing activities continue.

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.

19 COMMITMENTS

(a) Capital commitments for plant and equipment

	30 June 2006 US$'000	31 December 2005 US$'000
Authorized but not contracted for	**29,980**	–
Contracted but not provided for	**10,141**	11,970
	40,121	11,970

(b) Commitments under operating leases

At 30 June 2006, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	30 June 2006 US$'000	31 December 2005 US$'000
Not later than one year	**3,475**	2,010
Later than one year and not later than five years	**2,458**	3,973
	5,933	5,983

(c) At 30 June 2006, the Group had outstanding commitments in respect of forward contracts in order to hedge the Group's exposure in foreign currencies from its operations as follows:

	30 June 2006 US$'000	31 December 2005 US$'000
Sell Euros for US dollars	**8,862**	10,732
Sell Japanese Yen for US dollars	**4,000**	6,000
Sell US dollars for Renminbi	**1,529,400**	1,035,000
Sell Renminbi for US dollars	**1,584,400**	1,045,000

20 RELATED PARTY TRANSACTIONS

(a) As at 30 June 2006, the substantial shareholders of the Company are BOE Technology Group Co., Limited ("BOE") and Philips, which owned 22.16% and 13.74% of the Company's issued shares respectively.

(b) During the six months ended 30 June 2006, the Group had the following significant transactions with its then associated company, Beijing Orient Top Victory Electronics Company Limited, its associated company, Envision Peripherals, Inc., and its substantial shareholders, BOE and Philips, which were carried out in the normal course of the Group's business:

		Six months ended 30 June	
	Note	**2006**	2005
		US$'000	US$'000
Sales of raw materials and finished goods to a then associated company	(i)	**–**	13,818
Sales of finished goods to an associated company	(ii)	**94,868**	10,936
Sales of finished goods to Philips and its subsidiaries	(ii)	**765,674**	–
Purchases of raw materials, finished goods, property, plant and equipment and low value consumables from a then associated company	(iii)	**–**	(60,620)
Purchases of raw materials from BOE and its subsidiaries	(iv)	**(64,867)**	(23,677)
Purchases of raw materials from Philips and its subsidiaries	(iv)	**(374,510)**	–
Technical support service fee received from a then associated company	(v)	**–**	1,587
Warranty cost recovery from a then associated company	(vi)	**–**	1,189
IT service fee paid to Philips and its subsidiaries	(vii)	**(1,705)**	–

Notes:

(i) Sales of raw materials and finished goods to a then associated company were conducted in the normal course of business at prices and terms as agreed between the transacting parties.

(ii) Sales of finished goods were conducted in the normal course of business at prices and terms as agreed between the transacting parties.

(iii) Purchases of raw materials, finished goods, property, plant and equipment and low value consumables from a then associated company were conducted in the normal course of business at prices and terms as agreed between the transacting parties.

(iv) Purchases of raw materials were conducted in the normal course of business at prices and terms as agreed between the transacting parties.

(v) Technical support service fee received from a then associated company was charged at terms as agreed between the transacting parties.

(vi) Warranty cost recovery from a then associated company was charged at terms as agreed between the transacting parties.

(vii) IT service fee paid was charged at terms as agreed between the transacting parties.

20 RELATED PARTY TRANSACTIONS (Continued)

(c) Key management compensation

	Six months ended 30 June 2006 US$'000	2005 US$'000
Salaries and other short-term employee benefits	**478**	252
Share-based payments	**227**	620
	705	872

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

	30 June 2006 US$'000	31 December 2005 US$'000
Receivables from related parties:		
Associated companies		
– Envision Peripherals, Inc.	**54,613**	34,950
– HannStar Display (Wuhan) Corp.	**–**	14
– CPT TPV Optical (Fujian) Co., Ltd	**33**	114
	54,646	35,078
A substantial shareholder and its subsidiaries:		
– Philips and its subsidiaries	**309,697**	407,070
Payables to related parties:		
Substantial shareholders and their subsidiaries:		
– BOE and its subsidiaries	**13,733**	17,966
– Philips and its subsidiaries	**106,345**	99,642
	120,078	117,608

21 SEASONALITY

The sales for computer monitors and flat TVs are subject to seasonal fluctuations, with peak demand in the second and third quarters of the year. This is due to seasonal holiday periods.

www.tpvtechnology.com