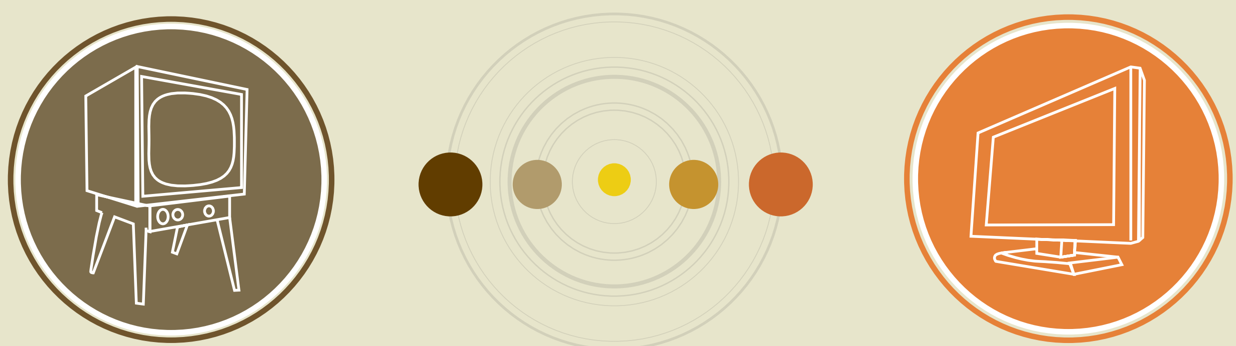
technology's revolution



TPV's resolution

TPV

TPV TECHNOLOGY LIMITED

冠 捷 科 技 有 限 公 司

(Incorporated in Bermuda with limited liability)

interim report 2007

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About Us

TPV TECHNOLOGY LIMITED

TPV 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 Ocober 1999.

Financial Highlights

Financials
($US Million)

	1H 2007	1H 2006
Turnover	3,797.8	3,251.2
Gross Profit	162.4	177.0
Profit Attributable to Equity Holders	67.9	74.1

Shipment by Product
(Milliion Units)

	1H 2007	1H 2006
Flat TV	1.2	0.9
TFT-LCD	17.9	11.8
CRT (Including chassis, CKD & SKD)	3.4	6.8

Geographical Turnover
Percentage (%)

	1H 2007	1H 2006
North America	27.5%	33.8%
Europe	22.8%	22.2%
PRC	27.7%	21.8%
Rest of the world	22.0%	22.2%

Interim Dividend

The Board is pleased to declare an interim dividend of US0.80 cent (2006: US0.80 cent) per share for the six months ended 30 June 2007 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 10 October 2007.

The dividend cheques will be distributed to shareholders on or about Monday, 22 October 2007.

Business Review

Global economy trod along well in the first half of 2007 despite the inflationary pressure continuing to edge higher. The US GDP rose by a high 3.4 percent in the second quarter (compared to a rise of only 0.6 percent in the first quarter), powered by an increase in industrial investment, government expenditure and an improvement in the trade balance. China also grew at record high levels regardless of the austerity measures taken by the government to slow down the heated economy.

TFT-LCD sector had had another volatile first half. Following a traditionally weak first quarter which sent panel prices down to almost cash cost levels, prices recovered in the second quarter as panel makers cut back on production and PC companies started to build inventories ahead of the summer peak to take advantage of the low prices.

For the six months ended 30 June 2007, TPV's consolidated turnover increased 16.8 percent to US$3.8 billion (1H2006: US$3.3 billion). The profit attributable to equity holders fell 8.4 percent to US$67.9 million (1H2006: 74.1 million) as a result of the persistent price competition among players. The basic earnings per share was US3.49 cents (1H2006: US3.96 cents).

TPV shipped an aggregate of 21.1 million units of PC monitors during the first half of 2007, representing a 15.3 percent increase over the same period of last year. The good volume enabled TPV to reaffirm its position as the world's largest ODM supplier of PC monitors with global market share of 24.6 percent. Shipment of TFT-LCD monitor rose more than 50 percent during the period to 17.9 million units and generated US$2.9 billion revenue, 76.1 percent of the consolidated turnover and the bulk of our operating profit. However, the wild swing of panel prices posed further challenges to the already competitive operating environment and hurt the segment's profitability. Gross profit margin dropped to 4.1 percent (1H2006: 5.3 percent) in the first half but is expected to gradually improve in the coming quarters in line with the positive operating outlook. For the CRT monitor business segment, the Group strove to maintain its volume by taking share in the fast-shrinking market. Shipment of 3.2 million units represented approximately 36.9 percent of global demand and contributed US$233.6 million or 6.2 percent of the consolidated turnover.

Business Review (Continued)

The TV outsourcing trend of major brands has started but the pace of growth has so far been less than encouraging. As such, TPV's shipment of 1.2 million sets of LCD TV was merely 39.0 percent higher than it was a year ago and accounted for 15.4 percent of the Group's consolidated turnover. Gross profit margin however improved significantly from last year's 2.1 percent to this year's 3.5 percent, resulting in a positive operating profit of US$1.1 million (1H2006: operating loss of US$4.2 million). With volume expected to grow strongly in the second half, it is envisaged that the segment will continue to contribute positively to the Group's profitability.

In geographical terms, sales to each of the Group's core markets were more evenly distributed in the first half. China now became the Group's largest market and accounted for 27.7 percent (1H2006: 21.8 percent) of the consolidated turnover due to its booming economy. North America and Europe, both matured PC markets, maintained steady demand and contributed 27.5 percent (1H2006: 33.8 percent) and 22.8 percent (1H2006: 22.2 percent) respectively to the consolidated turnover.

To carry through the Group's capacity expansion plan in Europe, a parcel of land in Poland was purchased in May this year. Construction of a 33,000 square meter plant with an initial planned capacity of 3 million to 4 million units of LCD TVs has started in September. The facility is expected to commence mass production in the latter half of 2008.

Prospects

The explosive growth in digital camera sales, resulting in an acute need for quality picture displays, is propelling the sales of digital picture frame (DPF). To tap into this fast growing segment, TPV will launch a series of this product next year to market through its ODM customers and under its own brands with a target to ship 0.5 million units by the end of next year.

In view of the improving operating environment, the Group is cautiously optimistic about its business outlook. However, panel supply is expected to remain tight in the absence of new capacity coming on stream before 2009. To secure supply stability and lower procurement cost, TPV will endeavor to foster closer supply relationship with key component makers. And, in furtherance of our vertical integration strategy, the Group will invest the necessary resources to extend our value chain and maximize earnings when opportunities arise.

Liquidity, Financial Resources And Capital Structure

The Group continued to utilize the surplus cash on hand to pay down debts during the first six months. The Group's cash and bank balances decreased from US$96.0 million as at 31 December 2006 to US$61.0 million as at 30 June 2007. Available credit facilities secured from banks amounted to US$4.4 billion (31 December 2006: US$4.2 billion) of which US$0.9 billion (31 December 2006: US$1.1 billion) were utilized.

Liquidity, Financial Resources And Capital Structure (Continued)

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 2007	31 December 2006
	US$'000	US$'000
Within one year	**82,804**	216,290

As compared to 31 December 2006, the Group's inventory turnover days lengthened by 2.9 days to 48.6 days, in line with seasonality. Trade receivables turnover days and trade payables turnover days were 58.5 days (31 December 2006: 62.3 days) and 68.3 days (31 December 2006: 72.2 days) respectively.

The Group's gearing ratio, representing the ratio of total debts to total assets, fell from 13.6 percent to 9.3 percent at the end of June 2007. Current ratio improved from 141.6 percent to 142.9 percent.

Foreign Exchange Risk

As at 30 June 2007, the total notional principal amounts of the outstanding foreign exchange forward contracts were as follows:

	30 June 2007	31 December 2006
	US$'000	US$'000
Sell Euros for US dollars	**4,100**	7,862
Sell Japanese Yen for US dollars	**–**	1,000
Sell US Dollars for Renminbi	**2,261,200**	1,737,000
Sell Renminbi for US dollars	**2,365,000**	1,752,000

Interest Rate Risk

As at 30 June 2007, the total notional principal amount of the outstanding interest rate swaps, which were used to hedge against the Group's exposure in interest rate risk, was US$240,000,000 (31 December 2006: US$140,000,000).

Workforce

As at 30 June 2007, TPV employed 25,764 personnel globally. Employee's remuneration terms were consistent with industry practice in the respective locations where the Group operates. The Group has adopted an employee share option scheme to motivate employees to achieve the Group's objectives.

Directors' Interests

As at 30 June 2007, 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)	28,755,823
Mr Houng Yu-Te	Personal	3,619,537
Mr Lu Being-Chang	Personal	1,854,107
Mr Wang Dongsheng	Personal	335,000

Notes:

(1) The interest of Dr Hsuan, Jason disclosed herein includes the holding of 26,754,803 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 2007, 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 2007 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 2007, the Company has no ultimate holding company.

Substantial Shareholders' Interests

As at 30 June 2007, 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 bonds 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)	
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)
China Great Wall Computer Shenzhen Company Limited	200,000,000	(note 2)	Nil	
Great Wall Technology Company Limited	200,000,000	(note 2)	Nil	
Great Wall Computer Group Company Limited	200,000,000	(note 2)	Nil	
China Electronics Corporation	200,000,000	(note 2)	Nil	
Brilliant Way Investment Limited	99,909,000	(note 3)	Nil	
Pacific Industries and Development Limited	99,909,000	(note 3)	Nil	
Mr Djuhar, Sutanto	99,909,000	(note 3)	Nil	
Mr Djuhar, Johny	99,909,000	(note 3)	Nil	
Mr Djuhar, Tedy	99,909,000	(note 3)	Nil	
KMP Atlantic Limited	99,909,000	(note 3)	Nil	
Mr Salim, Anthoni	99,909,000	(note 3)	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 China Great Wall Computer Shenzhen Company Limited ("CGC"). CGC is owned 47.82% by Great Wall Technology Company Limited ("GWT"). GWT is a company owned as to 62.11% by Great Wall Computer Group Company Limited ("GWCGC"), which is a wholly-owned subsidiary of China Electronics Corporation.

CGC entered into a share transfer agreement with BOE Technology Group Co., Limited ("BOE") on 14 May 2007, under which CGC agreed to acquire, and BOE agreed to sell, 200,000,000 shares in the Company. Completion of the share transfer is subject to receipt of all necessary approvals, including the following:

1. An examination by China Securities Regulatory Commission and with no disagreement;
2. Approval by shareholders of CGC on resolutions regarding the transaction;
3. Approval by shareholders of GWT on resolutions regarding the transaction, if required by the Listing Rules

As at the date of this report, the transfer of shares has not completed.

(3) 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 2007, 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 2007 and options exercised and lapsed during the period were as follows:

				Number of options			
	Date of grant	Exercise Price HK$	Exercisable Period	As at 01/01/2007	Exercised	Lapsed	As at 30/06/2007
Directors							
Dr Hsuan, Jason	20/05/2004	4.735 (note 4)	08/06/2007 –19/05/2009	1,500,000	0	0	1,500,000
Mr Houng Yu-Te	03/11/2003	4.140 (note 3)	08/06/2004 – 02/11/2008	82,000	0	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 4)	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 01/01/2007	Exercised	Lapsed	As at 30/06/2007
Directors							
Mr Lu Being-Chang	03/11/2003	4.140 (note 3)	08/06/2005 –02/11/2008	100,000	0	0	100,000
			08/06/2006 – 02/11/2008	1,400,000	0	0	1,400,000
	20/05/2004	4.735 (note 4)	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
Mr Wang Dongsheng	20/05/2004	4.735 (note 4)	08/06/2007 –19/05/2009	1,000,000	0	0	1,000,000
Mr Chen Yanshun (Resigned on 12 June 2007)	20/05/2004	4.735 (note 4)	08/06/2007 –19/05/2009	500,000	0	0	500,000
Mr Wang Yanjun (Resigned on 11 April 2007)	20/05/2004	4.735 (note 4)	08/06/2007 –19/05/2009	500,000	0	500,000	0

Share Option (Continued)

	Date of grant	Exercise Price HK$	Exercisable Period	Number of options As at 01/01/2007	Exercised	Lapsed	As at 30/06/2007
Employees*							
	02/05/2002	3.300 (note 1)	08/06/2004 – 01/05/2007	1,377,000	924,000	453,000	0
			08/06/2005 – 01/05/2007	2,042,000	1,514,000	528,000	0
	01/08/2002	2.325 (note 2)	08/06/2004 – 31/07/2007	1,285,000	1,012,000	108,000	165,000
			08/06/2005 – 31/07/2007	5,705,000	5,234,000	108,000	363,000
	03/11/2003	4.140 (note 3)	08/06/2004 – 02/11/2008	1,383,000	0	0	1,383,000
			08/06/2005 – 02/11/2008	2,280,000	0	0	2,280,000
			08/06/2006 – 02/11/2008	9,220,000	790,000	0	8,430,000
	20/05/2004	4.735 (note 4)	08/06/2005 –19/05/2009	6,328,800	230,000	240,000	5,858,800
			08/06/2006 –19/05/2009	17,728,429	688,000	714,000	16,326,429
			08/06/2007 –19/05/2009	47,954,000	1,515,000	2,890,000	43,549,000
				108,625,229	11,907,000	5,541,000	91,177,229

Share Option (Continued)

* The number of options outstanding at the beginning of the period excluded 4,500,000 share options granted to Mr Lu Being-Chang, who was appointed as executive director on 12 June 2007. Detailed of his interests in the share options are disclosed separately in the above table.

Notes:

(1) 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. The exercisable period of these options expired on 1 May 2007.

(2) 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. The exercisable period of these options expired on 31 July 2007.

(3) 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.

(4) 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.

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$3.300	2,438,000	HK$5.57
HK$2.325	6,246,000	HK$4.95
HK$4.140	790,000	HK$5.11
HK$4.735	2,433,000	HK$5.13

Purchase, Sale And Redemption Of Shares

During the six months period ended 30 June 2007, 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 Practices

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

During the six months ended 30 June 2007, 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.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer should be separated 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.

Corporate Governance Practices (Continued)

Re-election of Directors (Continued)

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 2007.

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 quarter, 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 financial 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.

Review Of Interim Results

The unaudited condensed consolidated financial information for the six months ended 30 June 2007 have been reviewed by the Company's auditors, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has reviewed the interim results for the six months ended 30 June 2007.

Closure Of Registers Of Members

The registers of members of the Company will be closed from Wednesday, 10 October 2007 to Friday, 12 October 2007, 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, 9 October 2007 or the Company's share transfer office in Singapore, Lim Associates (Pte) Limited, at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, not later than 5:00 p.m. on Tuesday, 9 October 2007 (as the case may be).

Composition Of The Board

As at the date of this report, the Board comprises Dr Hsuan, Jason, Mr Houng Yu-Te and Mr Lu Being-Chang as executive directors, Mr Wang Dongsheng, 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, 10 September 2007

Condensed Consolidated Interim Income Statement
For the Six Months Ended 30 June 2007

	Note	Unaudited Six months ended 30 June 2007 US$'000	 2006 US$'000
Turnover	4	**3,797,780**	3,251,247
Cost of goods sold		**(3,635,362)**	(3,074,254)
Gross profit		**162,418**	176,993
Other income		**22,172**	15,185
Other gains — net		**9,921**	6,190
Selling and distribution expenses		**(57,113)**	(46,020)
Administrative expenses		**(15,735)**	(29,015)
Research and development expenses		**(26,558)**	(24,455)
Operating profit	4 & 5	**95,105**	98,878
Finance income		**1,174**	4,141
Finance costs		**(18,911)**	(18,738)
Finance costs — net	6	**(17,737)**	(14,597)
Share of profits less losses of associated companies		**1,098**	(523)
Profit before taxation		**78,466**	83,758
Taxation	7	**(7,235)**	(6,773)
Profit for the period		**71,231**	76,985

Condensed Consolidated Interim Income Statement (Continued)
For the Six Months Ended 30 June 2007

	Note	Unaudited Six months ended 30 June 2007 US$'000	2006 US$'000
Attributable to:			
Equity holders of the Company		**67,916**	74,135
Minority interest		**3,315**	2,850
		71,231	76,985
Earnings per share of profit attributable to equity holders of the Company	8		
— Basic		**US3.49 cents**	US3.96 cents
— Diluted		**US3.19 cents**	US3.48 cents
Interim dividend	9	**15,633**	15,323

Condensed Consolidated Interim Balance Sheet

As at 30 June 2007

	Note	Unaudited 30 June 2007	Audited 31 December 2006
		US$'000	US$'000
Assets			
Non-current assets			
Intangible assets	10	**359,445**	359,472
Property, plant and equipment	10	**213,357**	197,850
Land use rights	10	**11,594**	11,964
Investment properties	10	**10,638**	6,741
Interests in associated companies		**9,132**	8,034
Available-for-sale financial assets		**1,007**	980
Deferred tax assets		**6,092**	7,305
		611,265	592,346
Current assets			
Inventories		**914,441**	1,020,638
Trade receivables	11	**1,222,431**	1,139,461
Trade amounts due from associated companies	12	**48,832**	23,398
Deposits, prepayments and other receivables		**184,888**	185,013
Other financial assets at fair value through profit or loss		**1,356**	1,085
Tax recoverable		**3,763**	2,890
Bank balances and cash		**60,963**	96,025
		2,436,674	2,468,510
Total assets		**3,047,939**	3,060,856

Condensed Consolidated Interim Balance Sheet (Continued)

As at 30 June 2007

	Note	Unaudited 30 June 2007 US$'000	Audited 31 December 2006 US$'000
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	19,541	19,422
Reserves		1,112,243	1,046,928
Proposed dividend		—	32,715
		1,131,784	1,099,065
Minority interest		86	12,308
Total equity		1,131,870	1,111,373
Liabilities			
Non-current liabilities			
Borrowings	14	201,426	199,857
Pension obligations		3,640	3,640
Derivative financial instruments		5,375	2,799
		210,441	206,296

Condensed Consolidated Interim Balance Sheet (Continued)
As at 30 June 2007

	Note	Unaudited 30 June 2007	Audited 31 December 2006
		US$'000	US$'000
Current liabilities			
Trade payables	15	**1,389,450**	1,329,954
Other payables and accruals		**190,911**	158,569
Taxation payable		**5,015**	2,371
Warranty provisions	16	**34,292**	33,098
Derivative financial instruments		**3,156**	2,905
Borrowings	14	**82,804**	216,290
		1,705,628	1,743,187
Total liabilities		**1,916,069**	1,949,483
Total equity and liabilities		**3,047,939**	3,060,856
Net current assets		**731,046**	725,323
Total assets less current liabilities		**1,342,311**	1,317,669

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2007

	Unaudited														
	Attributable to equity holders of the Company														
	Share capital	Share premium	Capital reserve	Share redemption reserve	Employee share-based compensation reserve	Exchange reserve	Reserve fund	Merger difference	Available-for-sale financial assets fair value reserve	Assets revaluation surplus	Convertible bonds	Other reserves	Retained profits	Minority interest	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2007	19,422	491,509	41,779	12	6,853	2,331	34,828	10,001	(989)	5,308	58,271	—	429,740	12,308	1,111,373
Fair value gain on available-for-sale financial assets	—	—	—	—	—	—	—	—	33	—	—	—	—	—	33
Exchange differences	—	—	—	—	—	2,066	—	—	—	—	—	—	—	—	2,066
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	—	67,916	3,315	71,231
Transfer from retained profits	—	—	17,450	—	—	—	—	—	—	—	—	—	(17,450)	—	—
Employee share option scheme:															
— Employee share-based compensation benefits	—	—	—	—	140	—	—	—	—	—	—	—	—	—	140
— Issue of new shares pursuant to exercise of share options, net of expenses	119	4,664	—	—	—	—	—	—	—	—	—	—	—	—	4,783
Purchase of additional interests in a subsidiary from a minority shareholder	—	—	—	—	—	—	—	—	—	—	—	(9,423)	—	(15,537)	(24,960)
2006 final dividend paid	—	—	—	—	—	—	—	—	—	—	—	—	(32,796)	—	(32,796)
Exercise of share options	—	230	—	—	(230)	—	—	—	—	—	—	—	—	—	—
Balance at 30 June 2007	19,541	496,403	59,229	12	6,763	4,397	34,828	10,001	(956)	5,308	58,271	(9,423)	447,410	86	1,131,870
Represented by:															
Reserves													431,777		
Proposed interim dividend													15,633		
Balance at 30 June 2007													447,410		

Condensed Consolidated Interim Statement of Changes in Equity (Continued)

For the six months ended 30 June 2006

	Unaudited													
	Attributable to equity holders of the Company													
	Share capital	Share premium	Capital reserve	Share redemption reserve	Employee share-based compensation reserve	Exchange reserve	Reserve fund	Merger difference	Available-for-sale financial assets fair value reserve	Assets revaluation surplus	Convertible bonds	Retained profits	Minority interest	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'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 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 Cash Flow Statement

For the six months ended 30 June 2007

		Unaudited Six months ended 30 June	
		2007	2006
		US$'000	US$'000
Cash flows generated from/(used in) operating activities		**166,894**	(123,031)
Cash flows from investing activities:			
— Purchases of property, plant and equipment	10	**(43,631)**	(33,701)
— Proceeds from disposals of property, plant and equipment		**319**	—
— Other investing cash flows — net		**1,174**	4,091
Cash flows used in investing activities		**(42,138)**	(29,610)
Cash flows from financing activities:			
— Dividends paid		**(32,796)**	(38,301)
— Inceptions of borrowings	14	**591,244**	586,540
— Repayments of borrowings	14	**(724,730)**	(763,901)
— Issue of new shares	13	**4,783**	127,447
— Other finance cash flows — net		**—**	1,645
Cash flows used in financing activities		**(161,499)**	(86,570)
Net decrease in cash and cash equivalents		**(36,743)**	(239,211)
Cash and cash equivalents at beginning of the period		**96,025**	414,885
Effect of foreign exchange rate changes		**1,681**	10,014
Cash and cash equivalents at end of the period		**60,963**	185,688
Analysis of cash and cash equivalents:			
Bank balances and cash		**60,963**	185,688

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, the 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 10 September 2007.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2007 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 2006.

3 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2006, as described in the annual financial statements for the year ended 31 December 2006.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

3 Accounting policies (Continued)

During the six months ended 30 June 2007, the Group acquired an additional 20% interests in a non-wholly owned subsidiary from a minority shareholder. Below is the Group's accounting policy for the transaction with minority interest:

Transactions with minority interest

The Group applies a policy of treating transactions with minority interest as transactions with equity owners of the Group. For purchases from minority interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interest are also recorded in equity. For disposals to minority interest, differences between any proceeds received and the relevant share of minority interest are also recorded in equity.

The change of the above new accounting policy had no material financial impact on the Group for the financial statements in prior periods.

The Group adopted the following new standard, amendment and interpretations to existing standards that are published and mandatory for the Group's financial year ending 31 December 2007.

HKAS 1 (Amendment)	Capital Disclosures (effective for annual periods beginning on or after 1 January 2007)
HKFRS 7	Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2007)
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 1 March 2006)
HK(IFRIC)-Int 8	Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006)
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006)
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006)

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

3 Accounting policies (Continued)

The adoption of the above new standard, amendment and interpretations to existing standards had no material financial impact on the Group for the financial statements in six months ended 30 June 2007.

The following new/revised standards and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008. The Group has started to consider their potential impact. Based on the preliminary assessment, the Group believes that the adoption of these new/revised standards and interpretations to existing standards, if applicable, will not result in substantial changes to the Group's accounting policies. The Group has not early adopted these new/revised standards and interpretations to existing standards, if applicable, in the condensed consolidated interim financial information for the six months ended 30 June 2007.

HKFRS 8	Operating Segments (effective for annual periods beginning on or after 1 January 2009)
HKAS 23 (Revised)	Borrowing Costs (effective for annual periods beginning on or after 1 January 2009)
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007)
HK(IFRIC)-Int 12	Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008)

The Group plans to adopt the above new/revised standards and interpretations to existing standards when they become effective.

Certain comparative figures have been reclassified in order to conform to the current period's presentation.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

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 2007, the Group is organized on a worldwide basis into three main business segments:

Manufacturing and sales of:
(1) LCD monitors;
(2) LCD TVs; and
(3) CRT monitors.

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.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 Segment information (Continued)

Primary reporting format — business segments (Continued)

The segment results for the six months ended 30 June 2007 are as follows:

	For the six months ended 30 June 2007				
	LCD monitors	LCD TVs	CRT monitors	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Turnover	2,888,286	585,784	233,593	90,117	3,797,780
Cost of goods sold	(2,769,273)	(565,279)	(212,562)	(88,248)	(3,635,362)
Other income excluding fiscal refund received and localization incentives received	11,568	176	703	237	12,684
Operating expenses	(57,960)	(19,613)	(19,884)	(1,949)	(99,406)
Segment results	72,621	1,068	1,850	157	75,696
Fiscal refund received (Note (b))					1,959
Localization incentives received (Note (c))					17,450
Operating profit					95,105
Finance costs — net					(17,737)
Share of profits less losses of associated companies					1,098
Profit before taxation					78,466
Taxation					(7,235)
Profit for the period					71,231

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 Segment information (Continued)

Primary reporting format — business segments (Continued)

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

	For the six months ended 30 June 2006				
	LCD monitors	LCD TVs	CRT monitors	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Turnover	2,214,727	379,596	522,449	134,475	3,251,247
Cost of goods sold	(2,097,904)	(371,658)	(472,024)	(132,668)	(3,074,254)
Other income excluding export incentives received, fiscal refund received and localization incentives received	6,499	1,015	1,544	372	9,430
Operating expenses	(46,882)	(13,155)	(36,315)	(3,138)	(99,490)
Segment results	76,440	(4,202)	15,654	(959)	86,933
Export incentives received (Note (a))					1,499
Fiscal refund received (Note (b))					3,047
Localization incentives received (Note (c))					7,399
Operating profit					98,878
Finance costs — net					(14,597)
Share of profits less losses of associated companies					(523)
Profit before taxation					83,758
Taxation					(6,773)
Profit for the period					76,985

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 Segment information (Continued)

Primary reporting format — business segments (Continued)

Notes:

(a) Export incentives were received from the municipal governments of Fuqing and Wuhan, the PRC.

(b) Fiscal refund was received from the municipal finance bureaus of Fuqing and Wuhan, the PRC.

(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 of Brazil, this amount of localization incentives has been directly credited to reserve account of the local subsidiary. 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 2007.

Other segment items included in the income statement are as follows:

	For the six months ended 30 June 2007				
	LCD monitors	LCD TVs	CRT monitors	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Depreciation of property, plant and equipment	18,794	4,292	3,850	566	27,502
Amortization of land use rights	—	—	—	133	133
Amortization of intangible assets	—	—	27	—	27

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 Segment information (Continued)

Primary reporting format — business segments (Continued)

	For the six months ended 30 June 2006				
	LCD monitors	LCD TVs	CRT monitors	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Depreciation of property, plant and equipment	11,047	2,434	3,878	2,573	19,932
Amortization of land use rights	—	—	—	119	119
Amortization of intangible assets	—	—	27	—	27

The segment assets and liabilities at 30 June 2007 and capital expenditure for the six months then ended are as follows:

	LCD monitors	LCD TVs	CRT monitors	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance sheet					
Segment assets	2,338,287	364,571	203,076	63,455	2,969,389
Interests in associated companies					9,132
Unallocated assets					69,418
Total assets					3,047,939
Segment liabilities	(1,273,748)	(212,197)	(130,850)	(6,513)	(1,623,308)
Unallocated liabilities					(292,761)
Total liabilities					(1,916,069)
Capital expenditure	32,051	8,199	3,029	352	43,631

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 Segment information (Continued)

Primary reporting format — business segments (Continued)

The segment assets and liabilities at 31 December 2006 and capital expenditure for the six months ended 30 June 2006 are as follows:

	LCD monitors	LCD TVs	CRT monitors	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance sheet					
Segment assets	2,315,473	355,327	223,089	53,538	2,947,427
Interests in associated companies					8,034
Unallocated assets					105,395
Total assets					3,060,856
Segment liabilities	(1,153,310)	(178,990)	(179,003)	(16,329)	(1,527,632)
Unallocated liabilities					(421,851)
Total liabilities					(1,949,483)
Capital expenditure	22,470	5,171	3,053	3,007	33,701

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

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

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 Segment information (Continued)

Primary reporting format — business segments (Continued)

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

Secondary reporting format — geographical segments

	For the six months ended 30 June 2007		
	Turnover	Operating profit	Capital Expenditure
	US$'000	US$'000	US$'000
Geographical segments:			
Europe	866,596	14,189	6,289
North America	1,045,172	31,369	5
South America	204,711	16,096	1,707
Africa	26,018	153	—
Australia	69,208	1,641	—
The PRC	1,052,042	28,637	32,940
Rest of the world	534,033	3,020	2,690
	3,797,780	95,105	43,631

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 Segment information (Continued)

Secondary reporting format — geographical segments (Continued)

	For the six months ended 30 June 2006		
	Turnover	Operating profit	Capital Expenditure
	US$'000	US$'000	US$'000
Geographical segments:			
Europe	723,132	21,743	157
North America	1,098,097	31,737	1
South America	114,220	5,387	934
Africa	25,507	373	—
Australia	64,923	804	—
The PRC	710,182	33,878	30,360
Rest of the world	515,186	4,956	2,249
	3,251,247	98,878	33,701

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 Segment information (Continued)

Secondary reporting format — geographical segments (Continued)

Total assets	30 June 2007	31 December 2006
	US$'000	US$'000
Geographical segments:		
Europe	69,623	32,957
North America	347,181	509,051
South America	160,862	119,469
Australia	324	299
The PRC	1,264,939	962,361
Rest of the world	1,195,878	1,428,685
	3,038,807	3,052,822
Interests in associated companies	9,132	8,034
	3,047,939	3,060,856

Sales were categorized according to the final destination of shipment. There were no inter-segment sales.

Assets and capital expenditure were categorized according to the country the assets were 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	
	2007	2006
	US$'000	US$'000
Crediting		
Net exchange gains (included in administrative expenses)	20,992	2,257
Fair value gain on investment properties	3,485	—
Charging		
Employee benefit expense (including directors' emoluments)	74,555	62,375
Depreciation of property, plant and equipment	27,502	19,932
Amortization of land use rights (included in cost of goods sold)	133	119
Amortization of intangible assets (included in administrative expenses)	27	27
Loss on disposal of property, plant and equipment	526	603
Provision for warranty (Note 16)	36,397	24,384
Provision for bad and doubtful debts	879	202
Write-down of inventories to net realizable value	232	3,703

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 Finance costs — net

	Six months ended 30 June 2007 US$'000	2006 US$'000
Interest expense on bank borrowings wholly repayable within five years	**13,796**	13,623
Interest expense on convertible bonds (Note 14)	**5,115**	5,115
	18,911	18,738
Interest income on short-term bank deposits	**(1,174)**	(4,141)
Finance costs — net	**17,737**	14,597

No borrowing costs were capitalized during the six months ended 30 June 2007 and 2006.

7 Taxation

No provision was made for Hong Kong profits tax as the Group has no estimated assessable profit generated in Hong Kong for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

Taxation on overseas profits was calculated on the estimated assessable profits for the six months ended 30 June 2007 at the rates of taxation prevailing in the countries/places in which the Group operated.

Two subsidiaries of the Group, Top Victory Electronics (Fujian) Company Limited and TPV Electronics (Fujian) Company Limited, which were established in an economic and technological development zone in the PRC, were subject to the PRC enterprise income tax rate of 15% under the tax regulations of the PRC. They enjoyed a further 5% reduction in the PRC enterprise income tax rate as their export sales exceeded 70% of their total sales in the six months ended 30 June 2007.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

7 Taxation (Continued)

The amount of taxation charged to the condensed consolidated income statement represents:

	Six months ended 30 June	
	2007	2006
	US$'000	US$'000
Current taxation — overseas taxation	**6,022**	7,404
Deferred taxation	**1,213**	(631)
Taxation charge	**7,235**	6,773

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the new "CIT Law"). The new CIT Law changes the corporate income tax rate to 25% with effect from 1 January 2008. The new CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities, grandfathering provisions as well as determination of taxable profit. As at the date that this condensed consolidated interim financial information was approved for issue, detailed measures concerning these items has yet to be issued by the state council. Consequently, the Group is not in a position to assess the impact, if any, to the carrying value of deferred tax assets and liabilities as at 30 June 2007. The Group will continue to evaluate the impact as more detailed regulations are announced.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

8 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2007	2006
Profit attributable to equity holders of the Company *(US$'000)*	**67,916**	74,135
Weighted average number of ordinary shares in issue *(thousands)*	**1,947,298**	1,869,888
Basic earnings per share *(US cents per share)*	**3.49**	3.96

(b) Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expense on convertible bonds. For the share options, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

8 Earnings per share (Continued)

(b) Diluted (Continued)

	Six months ended 30 June	
	2007	2006
Profit attributable to equity holders of the Company *(US$'000)*	**67,916**	74,135
Interest expense on convertible bonds *(US$'000)*	**5,115**	5,115
Profit used to determine diluted earnings per share *(US$'000)*	**73,031**	79,250
Weighted average number of ordinary shares in issue *(thousands)*	**1,947,298**	1,869,888
Adjustments for		
— assumed conversion of convertible bonds *(thousands)*	**326,886**	341,788
— share options *(thousands)*	**11,840**	66,476
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**2,286,024**	2,278,152
Diluted earnings per share *(US cents per share)*	**3.19**	3.48

9 Interim dividend

	Six months ended 30 June	
	2007	2006
	US$'000	US$'000
Interim, proposed, of US0.80 cent (2006: US0.80 cent) per ordinary share	**15,633**	15,323

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

9 Interim dividend (Continued)

The directors declared on 10 September 2007 an interim dividend of US0.80 cent (2006: US0.80 cent) per share payable in cash to shareholders. This interim dividend is not reflected as a dividend payable in this condensed consolidated interim financial information, but will be reflected as an appropriation of retained profits for the year ending 31 December 2007.

10 Capital expenditure

	Property, plant and equipment	Land use rights	Intangible assets		
			Goodwill	Trademarks	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
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

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

10 Capital expenditure (Continued)

	Property, plant and equipment	Land use rights	Investment Properties	Intangible assets		
				Goodwill	Trademarks	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Six months ended 30 June 2007						
Opening net book amount at 1 January 2007	197,850	11,964	6,741	359,098	374	359,472
Exchange adjustment	583	(185)	—	—	—	—
Additions	43,631	—	—	—	—	—
Disposals	(845)	—	—	—	—	—
Transfer	(360)	(52)	412	—	—	—
Fair value gain	—	—	3,485	—	—	—
Depreciation and amortization	(27,502)	(133)	—	—	(27)	(27)
Closing net book amount at 30 June 2007	213,357	11,594	10,638	359,098	347	359,445

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

11 Trade receivables

	30 June 2007 US$'000	31 December 2006 US$'000
Trade receivables	1,228,114	1,144,272
Less: provision for impairment of receivables	(5,683)	(4,811)
Trade receivables, net	1,222,431	1,139,461

The carrying amounts of trade receivables approximate their fair values.

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 2007 and 31 December 2006, the ageing analysis of the trade receivables were as follows:

	30 June 2007 US$'000	31 December 2006 US$'000
0–30 days	610,647	771,211
31–60 days	376,233	260,380
61–90 days	198,158	69,260
91–120 days	11,791	22,337
Over 120 days	31,285	21,084
	1,228,114	1,144,272

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

12 Trade amounts due from associated companies

At 30 June 2007 and 31 December 2006, the ageing analysis of trade amounts due from associated companies were as follows:

	30 June 2007 US$'000	31 December 2006 US$'000
0–30 days	**47,808**	7,819
31–60 days	**1,024**	6,337
61–90 days	—	7,557
91–120 days	—	1,685
	48,832	23,398

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

The carrying amounts of trade amounts due from associated companies approximate their fair values.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

13 Share capital

	30 June 2007 US$'000	31 December 2006 US$'000
Authorized:		
4,000,000,000 (31 December 2006: 4,000,000,000) ordinary shares of US$0.01 each	**40,000**	40,000
Issued and fully paid:		
1,954,092,525 (31 December 2006: 1,942,185,525) ordinary shares of US$0.01 each	**19,541**	19,422

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

	2007		2006	
	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	**1,942,185,525**	**19,422**	1,794,865,754	17,949
Issue of shares pursuant to exercise of share options (note (a))	**11,907,000**	**119**	14,011,200	140
Issue of shares, net of issuing expenses	—	—	106,500,000	1,065
Closing balance at 30 June	**1,954,092,525**	**19,541**	1,915,376,954	19,154

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

13 Share capital (Continued)

Note:

(a) The Company has a share option scheme, under which it may grant share options to directors and employees of the Group to subscribe for the ordinary shares of the Company.

During the six months ended 30 June 2007, 11,907,000 (six months ended 30 June 2006: 14,011,200) 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$2.325 to HK$4.735 (US$0.30 to US$0.61) per share. These shares rank pari passu with the existing shares of the Company.

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 31 January 2007	Granted during the period	Exercised during the period	Lapsed during the period	At 30 June 2007
2 May 2002	HK$3.300	3,419,000	—	2,438,000	981,000	—
1 August 2002	HK$2.325	6,990,000	—	6,246,000	216,000	528,000
3 November 2003	HK$4.140	16,705,000	—	790,000	—	15,915,000
20 May 2004	HK$4.735	81,511,229	—	2,433,000	4,344,000	74,734,229
		108,625,229	—	11,907,000	5,541,000	91,177,229

During the six months ended 30 June 2007, 5,541,000 share options (six months ended 30 June 2006: 460,000) were lapsed in connection with the cessation of employment of certain employees.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

13 Share capital (Continued)

The share options exercised during the six months ended 30 June 2007 resulted in 11,907,000 (six months ended 30 June 2006: 14,011,200) ordinary shares being issued at 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	
	2007	2006
	US$'000	US$'000
Ordinary share capital — at par	119	140
Share premium	4,664	6,704
Proceeds	4,783	6,844

The related weighted average share price immediately before the date of exercise of the share options was HK$5.12 (US$0.66) (six months ended 30 June 2006: HK$8.46 (US$1.09)) per share.

14 Borrowings

	30 June 2007	31 December 2006
	US$'000	US$'000
Non-current		
Convertible bonds	201,426	199,857
Current		
Bank borrowings	82,804	216,290
Total borrowings	284,230	416,147

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

14 Borrowings (Continued)

Movements in borrowings are analysed as follows:

	US$'000
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 bonds — liability component	1,549
Closing amount as at 30 June 2006	402,347
Six months ended 30 June 2007	
Opening amount as at 1 January 2007	416,147
Inceptions of borrowings	591,244
Repayments of borrowings	(724,730)
Convertible bonds — liability component	1,569
Closing amount as at 30 June 2007	284,230

The Company issued 3.35% convertible bonds in the principal amount of US$211 million to Koninklijke Philips Electronics N.V. ("Philips") on 5 September 2005.

The bonds mature five years from the issue date at their principal amount of US$211 million or can be converted into the Company's ordinary shares at the holder's option at conversion price of HK$5.023 per share until 5 September 2007 and HK$5.241 thereafter.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

14 Borrowings (Continued)

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 the time of the issuance of the bonds.

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.

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

	Six months ended 30 June	
	2007	2006
	US$'000	US$'000
Equity component	**58,271**	58,271
Liability component		
As at 1 January	**199,857**	196,779
Interest expense (Note 6)	**5,115**	5,115
Interest paid	**(3,546)**	(3,566)
As at 30 June	**201,426**	198,328

The fair value of the liability component of the convertible bonds as at 30 June 2007 amounted to US$174,751,934 (31 December 2006: US$188,082,000). The fair value was calculated using the cash flows discounted at a rate based on the borrowing rate of 10.11% (31 December 2006: 6.78%).

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

15 Trade payables

At 30 June 2007 and 31 December 2006, the ageing analysis of trade payables were as follows:

	30 June 2007 US$'000	31 December 2006 US$'000
0–30 days	**690,463**	426,220
31–60 days	**395,431**	439,306
61–90 days	**192,366**	302,751
Over 90 days	**111,190**	161,677
	1,389,450	1,329,954

The carrying amounts of trade payables approximate their fair values.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

16 Warranty provisions

	Six months ended 30 June 2007 US$'000	2006 US$'000
As at 1 January	**33,098**	34,245
Charged to the income statement	**36,397**	24,384
Utilized during the period	**(35,203)**	(26,590)
As at 30 June	**34,292**	32,039

The Group gives warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily within a period ranging from 12 months to 36 months. The provision as at 30 June 2007 has been made for expected warranty claims on products sold during the last thirty-six months. It is expected that the majority of this provision will be utilized in the next twelve months, and all will be utilized within three years from the balance sheet date.

17 Corporate guarantees

	30 June 2007 US$'000	31 December 2006 US$'000
Guarantees in respect of banking facilities granted to an associated company	**4,312**	7,000

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

18 Contingent liabilities

(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, imported into and sold 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 were 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.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

18 Contingent liabilities (Continued)

(b) 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 had had 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 would 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.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

18 Contingent liabilities (Continued)

(c) 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 concerned 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 was alleged among other matters that:

(i) they had had infringed, contributory infringed and/or actively induced infringement; and were 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 had been and continued to be deliberate and wilful, making and entitling the plaintiff to increased damages which include attorneys' fee, costs and expenses that had been and would have been incurred by it for pursuing this action.

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.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

18 Contingent liabilities (Continued)

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

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

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

(ii) the plaintiff had suffered damages as a result of the infringing activities, and would 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.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

18 Contingent liabilities (Continued)

(e) In January 2007, a third party company filed a complaint in the United States of America against the Group and one of its associated companies. The complaint claims damages related to alleged infringement of an US Patent in respect of technology to decode Program Map Information in the Digital TVs ("Patent V").

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

(i) they have directly infringed, contributed to and/or actively induced infringement of the Patent V and are continuing to directly infringe, contribute to and/or actively induce infringement by making, using, importing, offering for sale, soliciting sales by others of, enabling or assisting with sales by others of, and/or selling in the United States of America, including, without limitation, ATSC TVs under the AOC brand name, which are covered by one or more claims of the Patent V; and

(ii) as a consequence of their infringement complained of herein, the Plaintiff had 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.

The directors are of the opinion that while it is the early stage of the discovery, 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.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

19 Commitments

(a) Capital commitments

	30 June 2007 US$'000	31 December 2006 US$'000
Capital commitments for plant and equipment		
— Contracted but not provided for	14,835	13,735
Commitment for acquisition of additional interest in a non-wholly owned subsidiary		
— Contracted but not provided for	—	17,000

(b) Commitments under operating leases

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	30 June 2007 US$'000	31 December 2006 US$'000
Not later than one year	2,000	2,836
Later than one year and not later than five years	1,751	1,732
Later than five years	718	701
	4,469	5,269

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

19 Commitments (Continued)

(c) Future operating lease receivable arrangements

The Group's future minimum rental receivables under non-cancellable operating leases are as follows:

	30 June 2007	31 December 2006
	US$'000	US$'000
Not later than one year	949	918
Later than one year and not later than five years	405	809
	1,354	1,727

20 Business acquisition

On 15 June 2007, P-Harmony Monitors Company Limited, a subsidiary of the Company, acquired an additional 20% interests in TPV Technology (Suzhou) Co., Ltd. (formerly known as Philips Consumer Electronics Co. of Suzhou Ltd) from its minority shareholder, Philips (China) Investment Co., Limited. The excess of the consideration paid over the Company's share of the net assets acquired, amounting to approximately US$9,423,393, was debited to other reserves.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

21 Related party transactions

As at 30 June 2007, the major shareholders of the Company are Philips and BOE Technology Group Co., Limited ("BOE"), which owned 13.47% and 11.48% of the Company's issued shares respectively.

(a) Significant transactions with related parties during the six months ended 30 June 2007

During the six months ended 30 June 2007, the Group had the following significant transactions with its associated companies, Envision Peripherals, Inc., and CPT TPV Optical (Fujian) Co., Ltd., 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	**2007**	2006
		US$'000	US$'000
Sales of finished goods to an associated company	(i)	**66,322**	94,868
Sales of finished goods to Philips and its subsidiaries	(i)	**830,926**	765,674
Purchases of raw materials from BOE and its subsidiaries	(ii)	**(54,628)**	(64,867)
Purchases of raw materials from Philips and its subsidiaries	(ii)	**(465,768)**	(374,510)
IT service fee paid to Philips and its subsidiaries	(iii)	**—**	(1,705)
Commission paid to Philips and its subsidiaries	(iv)	**(364)**	(441)
Rental income from an associated company	(v)	**406**	—

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

21 Related party transactions (Continued)

(a) Significant transactions with related parties during the six months ended 30 June 2007 (Continued)

Notes:

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

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

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

(iv) Commission paid was charged at terms as agreed between the transacting parties.

(v) Rental income received was charged at terms as agreed between the transacting parties.

(b) Key management compensation

	Six months ended 30 June	
	2007	2006
	US$'000	US$'000
Salaries and other short-term employee benefits	**370**	478
Share-based payments	**31**	227
	401	705

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

21 Related party transactions (Continued)

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

	30 June 2007 US$'000	31 December 2006 US$'000
Receivables from related parties:		
Associated company		
— Envision Peripherals, Inc.	48,832	23,398
A substantial shareholder and its subsidiaries:		
— Philips and its subsidiaries (Note (i))	263,726	289,344
Payables to related parties:		
Substantial shareholders and their subsidiaries:		
— BOE and its subsidiaries (Note (ii))	22,127	32,122
— Philips and its subsidiaries (Note (ii))	45,701	44,066
	67,828	76,188

Note:

(i) Receivables from substantial shareholders and their subsidiaries were presented in the condensed consolidated balance sheet within trade receivables.

(ii) Payables to substantial shareholders and their subsidiaries were presented in the condensed consolidated balance sheet within trade payables.

Selected Notes to the Condensed Consolidated Interim Financial Information (Continued)

22 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.

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