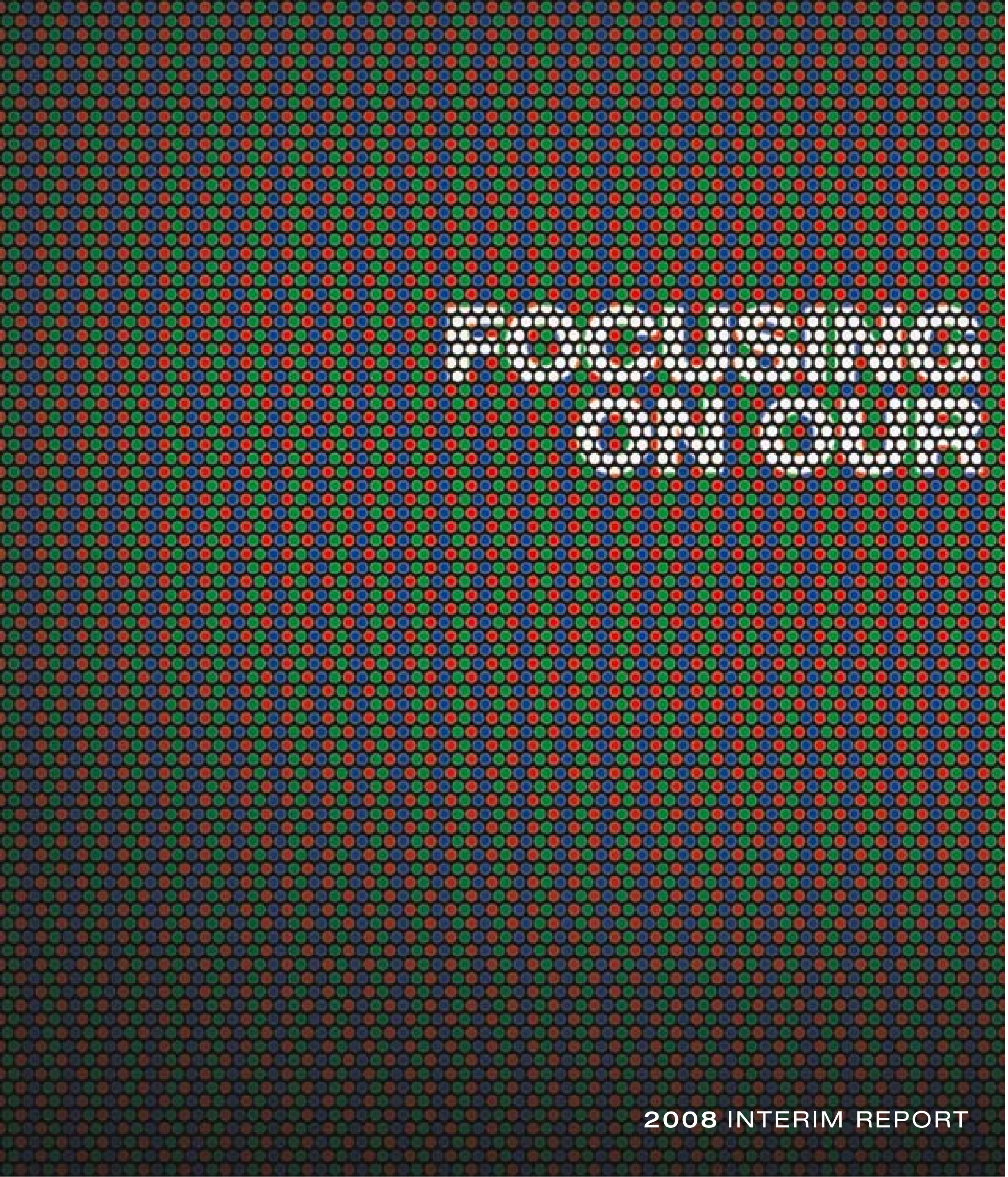

FOCUSING
ON OUR
2008 INTERIM REPORT

VISION

TPV

TPV TECHNOLOGY LIMITED

冠 捷 科 技 有 限 公 司

(Incorporated in Bermuda with limited liability)

Contents

About Us

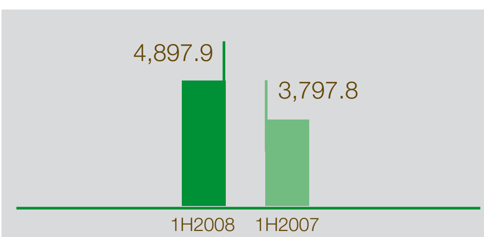
TPV Technology Limited is a leading display solutions provider. The Group designs and produces a full range of PC monitors and LCD TVs on ODM basis for its long list of customers which comprise many of the top-tier PC and TV brands. TPV's products add value to customer through cost leadership, timely delivery and superior quality.

The Group also distributes its products globally under its own brands AOC and Envision.

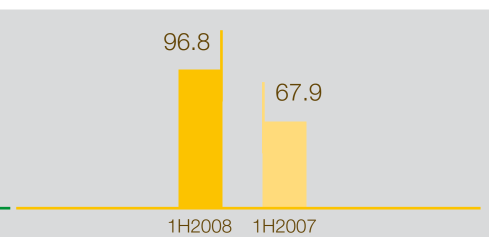
Today, TPV is the world's largest PC monitor and fifth largest TV maker in terms of unit shipment. The Company has been listed on both Hong Kong and Singapore stock exchanges since October 1999.

Financial Highlights

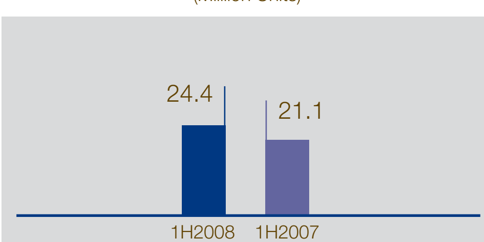
Revenue
(US$ Million)



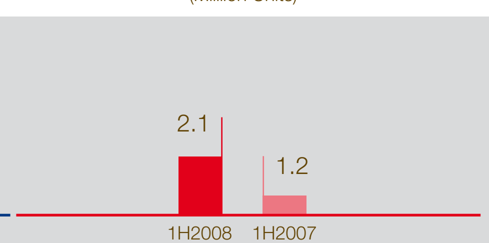
Profit attributable to equity holders
(US$ Million)



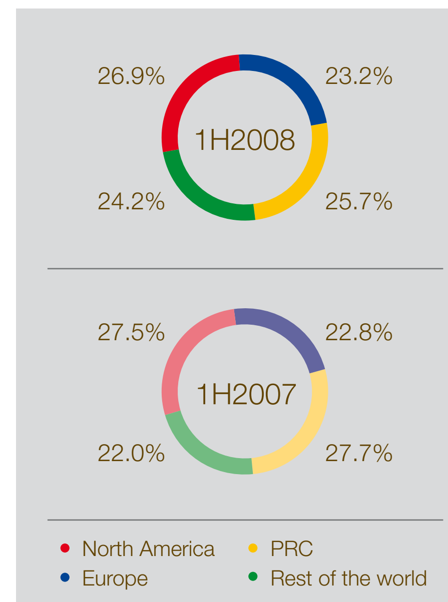
PC monitor
(Milliion Units)



LCD TV
(Milliion Units)



Contribution by geographical market
Percentage (%)



Interim Dividend

The Board is pleased to declare an interim dividend of US0.88 cent (six months ended 30th June 2007: US0.80 cent) per share for the six months ended 30th June 2008 to shareholders.

The interim dividend is payable in cash to shareholders in US dollars save that those shareholders whose names appearing on the register of members of the Company in Hong Kong will receive the equivalent amount in HK dollars and those 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 15th October 2008.

The dividend cheques will be distributed to shareholders on or about Wednesday, 29th October 2008.

Business Review

The global economy, which had long withstood the strain of weakness in the US, has finally succumbed to the mounting pressure of high oil prices, credit crunch and a weak US dollar and has faltered in the first half of 2008. Four of the world's five biggest economies — the US, the Euro Zone, Japan and the United Kingdom — are on the verge of recession. China, which has long been the impetus of world trade, is also slowing down, not just by the austerity measures taken by the state, but also by two of the worst natural calamities in its history.

TFT-LCD supply chain performed relatively well in spite of this weak economic backdrop. Monitor panel prices fell in the traditionally slow first quarter and firmed up in the beginning of the second quarter in anticipation of supply shortage in the latter half of the year. However, the situation took a turn for the worse in June as data on the global economic deceleration kept coming in, bringing down corporate and consumer spending. Consequently, monitor panel prices were hit hard by an average 15 percent drop in the month June and continued their weaknesses well into the third quarter.

As for TV panel, the sluggish economy and the contracting housing market in the US have adversely affected the demand for 40-inch and above TVs which recorded a slowdown in growth since March. That resulted in a glut of inventory in the channel for larger sized TVs and suppressed the growth of the smaller ones. Similar to their monitor counterparts, TV panel prices started falling in April and the pace has since accelerated.

During the first half of 2008, the Group's consolidated revenue grew 29.0 percent year-on-year to US$4.9 billion (1H 2007: US$3.8 billion). Although keen competition had kept the gross and the operating margins in check at 4.5 percent (1H 2007: 4.5 percent) and 2.7 percent (1H 2007: 2.5 percent) respectively, profit attributable to equity holders of the Company saw healthy growth to US$96.8 million (1H 2007: US$67.9 million) as volumes of both PC monitor and LCD TV continued to expand. During the first half of 2008, PC monitor segment contributed 79.9 percent to the Group's consolidated revenue while LCD TV accounted for 17.0 percent.

Business Review (Continued)

The positive momentum of LCD TV continued to gather strength in the first half of 2008. For the period under review, shipment increased by 68.9 percent year-on-year to 2.1 million units with a more diversified customer base which included some of the top-tier TV brands. The strategy of staying focused on the commoditized segment (26” and below) helped kept TPV relatively unscathed from the glutted large sized TV segment which is more susceptible to an economic downturn. The average selling price of LCD TV sold during the period was US$399.1 (1H 2007: US$473.5) and the average screen size has come down by one full inch to 26.6-inch over the year. Monitor shipment went up by a decent 15.9 percent year-on-year to 24.4 million units, out-performing the overall market, which grew less than 1.0 percent.

In terms of geographical contribution, sales to North America, the PRC and Europe contributed 26.9 percent (1H 2007: 27.5 percent), 25.7 percent (1H 2007: 27.7 percent) and 23.2 percent (1H 2007: 22.8 percent) respectively to the Group’s consolidated revenue in the six-month period. The Group has continued to expand its presence in South America and sales to the market accounted for more than 5 percent of the consolidated revenue.

The Group’s Poland plant has ramped up production since the second quarter. Based on the current production schedule, the plant is forecasted to produce a million units of LCD TV and PC monitor by the end of this year. In anticipation of strong order flow in the region, the Group plans to further expand its production capacity in the next twelve months.

In order to fuel its growing businesses, TPV entered into a three-year syndicated term loan facility of US$200 million in July with a consortium of reputable international banks to build up its war chest for the expansion.

On 8th July 2008, TPV signed a Letter of Intent (“LOI”) with Philips to negotiate a global license for the design, sourcing, manufacturing, distribution, marketing and sales of Philips’ branded PC monitor. The Group decided to make this move to extend its reach to the downstream, seeing also the additional benefits to the economy of scale.

Prospects

In view of the negative macroeconomic developments and the overbuilt channel inventories at the end of the first half, most industry experts do not anticipate price stability to return to the panel market any time soon. In fact, demand for LCD monitor remained subdued in July, sending panel prices down to almost cash cost levels and forcing some of the panel makers to cut back on production. Such backdrop usually spells negativity to businesses along the LCD supply chain. The September “back-to-school” demand will become more and more critical to the near term fate of the PC monitor sector. With panel prices near their all time low levels, channels would start to build inventory, resulting in a more balanced market environment.

Although the demand for LCD TV remained healthy at the end of the first half, we see our order flow to the US market impacted by the sluggish economy. As such, the Group revises its shipment target from 7 million units to 6 million units.

Amidst the economic uncertainties, the Group is determined to stay its course in terms of strategic expansion, while paying extra attention to its cost and cash flow management to weather the current downturn.

Liquidity, Financial Resources and Capital Structure

As at 30th June 2008, the Group's cash and bank balances increased from US$135.1 million as at 31st December 2007 to US$301.8 million. Credit facilities secured from banks amounted to US$4.6 billion (31st December 2007: US$4.0 billion) of which US$1.9 billion (31st December 2007: US$1.5 billion) were utilized.

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

	30th June 2008	31st December 2007
	US$'000	US$'000
Within one year	**633,312**	540,189
In the second year	**31,800**	45,000

The Group's inventory turnover days lengthened 3.8 days to 51.8 days as compared to 31st December 2007 due to slower sell-through. Trade receivables turnover days and trade payables turnover days were 56.1 days (31st December 2007: 57.9 days) and 63.2 days (31st December 2007: 62.6 days) respectively.

The Group's gearing ratio, representing the ratio of total debts to total assets, fell from 20.8 percent to 19.6 percent, while current ratio was 131.9 percent.

Foreign Exchange Risk

As at 30th June 2008, the total notional principal amounts of the outstanding foreign exchange forward contracts were as follows:

	30th June 2008	31st December 2007
	US$'000	US$'000
Sell Euros for US dollars	**39,583**	22,880
Sell Japanese Yen for US dollars	**20,500**	22,000
Sell US dollars for Renminbi	**3,484,000**	2,510,000
Sell Renminbi for US dollars	**3,694,000**	2,415,000

Interest Rate Risk

As at 30th June 2008, the total notional principal amount of outstanding interest rate swaps, which were used to hedge against the Group's exposure in interest rate risk, was US$365,300,000 (31st December 2007: US$294,300,000).

Workforce

As at 30th June 2008, TPV employed 29,627 personnel (31st December 2007: 27,320) globally. Employee's remuneration terms were consistent with industry practice in the respective locations where the Group operates.

In order to align the interests of staff with those of shareholders, share options were granted to employees under the Company's share option scheme. The Group has also periodically provided training to its employees to encourage continuous learning and self-development, thus ensuring the competitiveness of the Group in the ever changing market environment.

Directors' Interests

As at 30th June 2008, 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 Stock Exchange of Hong Kong Limited (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)	28,485,823
Mr Houng Yu-Te	Personal	3,619,537

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 1,731,020 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 Options".

Directors' Interests (Continued)

Save as disclosed above, as at 30th June 2008, 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 30th June 2008 was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangement to enable the directors of the Company or any of their spouses or children under 18 years of age to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other corporations. As at 30th June 2008, the Company has no ultimate holding company.

Substantial Shareholders' Interests

As at 30th June 2008, 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 bonds (long position)
Philips Electronics Hong Kong Limited	263,176,463 (Note 1)	313,300,433 (Note 1)
Koninklijke Philips Electronics N.V.	263,176,463 (Note 1)	313,300,433 (Note 1)
Philips Electronics China B.V.	263,176,463 (Note 1)	313,300,433 (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
Chi Mei Optoelectronics Corp.	150,500,000 (Note 3)	Nil
Chi Mei Corporation	150,500,000 (Note 3)	Nil

Substantial Shareholders' Interests (Continued)

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 bonds, PEHKL may exercise the conversion rights attaching thereto and the Company may issue a maximum of 313,300,433 shares to PEHKL upon conversion of the convertible bonds by PEHKL.

(2) These shares are held by China Great Wall Computer Shenzhen Company Limited ("CGC"). CGC is owned 47.82 percent by Great Wall Technology Company Limited ("GWT"). GWT is a company owned as to 62.11 percent by Great Wall Computer Group Company Limited, which is a wholly-owned subsidiary of China Electronics Corporation.

(3) These shares are held by Chi Mei Optoelectronics Corp. ("CMO"). CMO is owned 28.73 percent by Chi Mei Corporation.

Share Options

At the annual general meeting held on 15th 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 21st 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 30th June 2008, no share options have 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 30th June 2008 and options exercised and lapsed during the period were as follows:

				Number of options			
	Date of grant	Exercise Price	Exercisable Period	As at 01/01/2008	Exercised	Lapsed	As at 30/06/2008
		HK$					
Directors							
Dr Hsuan, Jason	20/05/2004	4.735 (Note 2)	08/06/2007–19/05/2009	1,500,000	0	0	1,500,000

Share Options (Continued)

	Date of grant	Exercise Price HK$	Exercisable Period	Number of options: As at 01/01/2008	Exercised	Lapsed	As at 30/06/2008
Directors							
Mr Houng Yu-Te	03/11/2003	4.140 (Note 1)	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 2)	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 Lu, Being-Chang (Resigned on 11th June 2008)	03/11/2003	4.140 (Note 1)	08/06/2006–02/11/2008	910,000	0	0	910,000
	20/05/2004	4.735 (Note 2)	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 Options (Continued)

	Date of grant	Exercise Price HK$	Exercisable Period	Number of options: As at 01/01/2008	Exercised	Lapsed	As at 30/06/2008
Directors							
Mr Chan Boon-Teong	12/12/2007	5.750 (Note 3)	12/12/2008–11/12/2012	80,000	0	0	80,000
			12/12/2009–11/12/2012	120,000	0	0	120,000
			12/12/2010–11/12/2012	200,000	0	0	200,000
Dr Ku Chia-Tai	12/12/2007	5.750 (Note 3)	12/12/2008–11/12/2012	60,000	0	0	60,000
			12/12/2009–11/12/2012	90,000	0	0	90,000
			12/12/2010–11/12/2012	150,000	0	0	150,000
Mr Wong Chi Keung	12/12/2007	5.750 (Note 3)	12/12/2008–11/12/2012	60,000	0	0	60,000
			12/12/2009–11/12/2012	90,000	0	0	90,000
			12/12/2010–11/12/2012	150,000	0	0	150,000

Share Options (Continued)

	Date of grant	Exercise Price HK$	Exercisable Period	Number of options As at 01/01/2008	Exercised	Lapsed	As at 30/06/2008
Employees	03/11/2003	4.140 (Note 1)	08/06/2004–02/11/2008	1,383,000	0	0	1,383,000
			08/06/2005–02/11/2008	2,130,000	0	0	2,130,000
			08/06/2006–02/11/2008	6,930,000	0	0	6,930,000
	20/05/2004	4.735 (Note 2)	08/06/2005–19/05/2009	4,482,800	0	(134,000)	4,348,800
			08/06/2006–19/05/2009	14,245,429	(145,000)	(311,429)	13,789,000
			08/06/2007–19/05/2009	38,503,000	(599,000)	(916,000)	36,988,000
	12/12/2007	5.750 (Note 3)	12/12/2008–11/12/2012	4,296,805	0	(14,000)	4,282,805
			12/12/2009–11/12/2012	6,445,208	0	(21,000)	6,424,208
			12/12/2010–11/12/2012	10,742,013	0	(35,000)	10,707,013
				100,890,255	(744,000)	(1,431,429)	98,714,826

Share Options (Continued)

Notes:

(1) These options are exercisable at HK$4.140 (US$0.53) per share in three trenches: the maximum percentage of share options exercisable within the periods commencing from 8th June 2004 to 2nd November 2008, from 8th June 2005 to 2nd November 2008 and from 8th June 2006 to 2nd November 2008 are 20 percent, 50 percent and 100 percent respectively.

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

(3) These options are exercisable at HK$5.750 (US$0.73) per share in three trenches: the maximum percentage of share options exercisable within the periods commencing from 12th December 2008 to 11th December 2012, from 12th December 2009 to 11th December 2012 and from 12th December 2010 to 11th December 2012 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$4.735	744,000	HK$5.264

Purchase, Sale and Redemption of Shares

During the six months period ended 30th June 2008, the Company repurchased a total of 530,000 of its ordinary shares of US$0.01 each through The Stock Exchange of Hong Kong Limited at prices ranging from HK$4.250 (US$0.545) to HK$4.300 (US$0.551) per share, for a total consideration of HK$2,269,000 (US$291,000).

Apart from the above, the Company had not redeemed any of its shares during the six months period ended 30th June 2008. 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 30th June 2008, 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 Practices (Continued)

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; and

— ensuring that independent non-executive directors have free and direct access to both the Company's management, internal audit division, external auditor 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 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 30th June 2008.

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 auditor regularly to discuss any areas of concerns during the audits and review. The audit committee reviews the quarterly, interim and annual results before submission to the board. The audit 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 auditor and internal auditor, 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 30th June 2008 have been reviewed by the Company's auditor, 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 30th June 2008.

Closure of Registers of Members

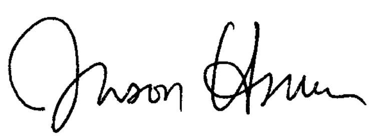
The registers of members of the Company will be closed from Wednesday, 15th October 2008 to Friday, 17th October 2008, both days inclusive, during which period no transfer of shares will be registered.

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, Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 14th October 2008 or the Company's share transfer office in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., 3 Church Street, #08-01 Samsung Hub, Singapore 049483, not later than 5:00 p.m. on Tuesday, 14th October 2008 (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 Maarten Jan de Vries, Mr Chang Yueh, David, Mr Lu Ming and Dr Kuo Chen-Lung 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, 10th September 2008

Condensed Consolidated Interim Income Statement

For the six months ended 30th June 2008

	Note	Unaudited Six months ended 30th June 2008 US$'000	2007 US$'000
Revenue	4	**4,897,907**	3,797,780
Cost of goods sold		**(4,676,007)**	(3,625,445)
Gross profit		**221,900**	172,335
Other income		**26,984**	22,172
Other gains — net		**14,148**	9,921
Selling and distribution expenses		**(75,929)**	(57,113)
Administrative expenses		**(20,839)**	(25,652)
Research and development expenses		**(32,665)**	(26,558)
Operating profit	4 & 5	**133,599**	95,105
Finance income		**902**	1,174
Finance costs		**(28,322)**	(18,911)
Finance costs — net	6	**(27,420)**	(17,737)
Share of profits less losses of associated companies		**2,668**	1,098
Profit before taxation		**108,847**	78,466
Taxation	7	**(11,956)**	(7,235)
Profit for the period		**96,891**	71,231

Condensed Consolidated Interim Income Statement (Continued)

For the six months ended 30th June 2008

	Note	Unaudited Six months ended 30th June 2008	 2007
		US$'000	US$'000
Attributable to:			
Equity holders of the Company		**96,818**	67,916
Minority interests		**73**	3,315
		96,891	71,231
Earnings per share of profit attributable to equity holders of the Company	8		
— Basic		**US4.88 cents**	US3.49 cents
— Fully diluted		**US4.42 cents**	US3.19 cents
Interim dividend	9	**18,609**	15,633

Condensed Consolidated Interim Balance Sheet

As at 30th June 2008

	Note	Unaudited 30th June 2008	Audited 31st December 2007
		US$'000	US$'000
Assets			
Non-current assets			
Intangible assets	10	**389,392**	359,419
Property, plant and equipment	10	**311,736**	250,697
Land use rights	10	**18,918**	15,278
Investment properties	10	**10,403**	10,403
Interests in associated companies		**13,903**	10,949
Available-for-sale financial assets		**7,040**	6,559
Deferred tax assets		**7,508**	4,743
		758,900	658,048
Current assets			
Inventories		**1,554,928**	1,100,133
Trade receivables	11	**1,489,303**	1,521,532
Deposits, prepayments and other receivables		**338,617**	372,639
Other financial assets at fair value through profit or loss		**926**	1,107
Tax recoverable		**—**	1
Cash and cash equivalents		**301,813**	135,061
		3,685,587	3,130,473
Total assets		**4,444,487**	3,788,521

Condensed Consolidated Interim Balance Sheet (Continued)

As at 30th June 2008

	Note	Unaudited 30th June 2008	Audited 31st December 2007
		US$'000	US$'000
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	**21,154**	19,647
Other reserves		**1,369,955**	1,180,994
Proposed dividend		**18,609**	39,677
		1,409,718	1,240,318
Minority interests		**446**	123
Total equity		**1,410,164**	1,240,441
Liabilities			
Non-current liabilities			
Borrowings	13	**236,456**	247,956
Pension obligations		**4,068**	4,068
		240,524	252,024

Condensed Consolidated Interim Balance Sheet (Continued)

As at 30th June 2008

	Note	Unaudited 30th June 2008	Audited 31st December 2007
		US$'000	US$'000
Current liabilities			
Trade payables	14	**1,803,953**	1,436,749
Other payables and accruals		**259,699**	238,992
Taxation payable		**9,960**	16,451
Warranty provisions	15	**55,498**	47,627
Derivative financial instruments		**31,377**	16,048
Borrowings	13	**633,312**	540,189
		2,793,799	2,296,056
Total liabilities		**3,034,323**	2,548,080
Total equity and liabilities		**4,444,487**	3,788,521
Net current assets		**891,788**	834,417
Total assets less current liabilities		**1,650,688**	1,492,465

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30th June 2008

	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 interests	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 1st January 2008	19,647	503,346	64,883	12	6,039	9,223	47,550	10,001	–	5,308	58,271	(9,423)	525,461	123	1,240,441
Fair value loss on available-for-sale financial assets	–	–	–	–	–	–	–	–	(1,607)	–	–	–	–	–	(1,607)
Exchange differences	–	–	–	–	–	8,339	–	–	–	–	–	–	–	–	8,339
Net income/(loss) recognized directly in equity	–	–	–	–	–	8,339	–	–	(1,607)	–	–	–	–	–	6,732
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	–	96,818	73	96,891
Total recognized income/(loss) for the period ended 30th June 2008	–	–	–	–	–	8,339	–	–	(1,607)	–	–	–	96,818	73	103,623
Transfer from retained profits	–	–	21,506	–	–	–	–	–	–	–	–	–	(21,506)	–	–
Employee share option scheme:															
– Employee share-based compensation benefits	–	–	–	–	1,293	–	–	–	–	–	–	–	–	–	1,293
– Issue of new shares pursuant to exercise of share options, net of expenses	7	445	–	–	–	–	–	–	–	–	–	–	–	–	452
Repurchase of the Company's shares	(5)	(286)	–	–	–	–	–	–	–	–	–	–	–	–	(291)
Issue of new shares, net of expenses	1,505	102,568	–	–	–	–	–	–	–	–	–	–	–	–	104,073
Formation of a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	250	250
2007 final dividend paid	–	–	–	–	–	–	–	–	–	–	–	–	(39,677)	–	(39,677)
Exercise of share options	–	49	–	–	(49)	–	–	–	–	–	–	–	–	–	–
Balance at 30th June 2008	21,154	606,122	86,389	12	7,283	17,562	47,550	10,001	(1,607)	5,308	58,271	(9,423)	561,096	446	1,410,164
Represented by:															
Reserves													542,487		
Proposed interim dividend													18,609		
Balance at 30th June 2008													561,096		

Condensed Consolidated Interim Statement of Changes in Equity (Continued)
For the six months ended 30th 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 interests	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 1st 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
Net income recognized directly in equity	–	–	–	–	–	2,066	–	–	33	–	–	–	–	–	2,099
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	–	67,916	3,315	71,231
Total recognized income for the period ended 30th June 2007	–	–	–	–	–	2,066	–	–	33	–	–	–	67,916	3,315	73,330
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 30th 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 30th June 2007													447,410		

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30th June 2008

	Note	Unaudited Six months ended 30th June 2008 US$'000	 2007 US$'000
Net cash generated from operating activities		**139,806**	166,894
Cash flows from investing activities:			
— Purchases of property, plant and equipment	10	**(80,738)**	(43,631)
— Proceeds from disposals of property, plant and equipment		**2,947**	319
— Purchases of land use rights	10	**(3,733)**	—
— Investment in an associated company		**(286)**	—
— Acquisition of a business operation	19	**(32,900)**	—
— Minority shareholders' contribution to a new subsidiary		**250**	—
— Other investing cash flows — net		**(2,063)**	1,174
Net cash used in investing activities		**(116,523)**	(42,138)
Cash flows from financing activities:			
— Dividends paid		**(39,677)**	(32,796)
— Repayments of long-term bank borrowings		**(10,000)**	—
— Net inception/(repayments) of short-term bank borrowings		**89,923**	(133,486)
— Issue of new shares	12	**104,525**	4,783
— Repurchase of the Company's shares	12	**(291)**	—
Net cash generated from/(used in) financing activities		**144,480**	(161,499)

Condensed Consolidated Interim Cash Flow Statement (Continued)

For the six months ended 30th June 2008

	Note	Unaudited Six months ended 30th June 2008	 2007
		US$'000	US$'000
Net increase/(decrease) in cash and cash equivalents		**167,763**	(36,743)
Cash and cash equivalents at beginning of the period		**135,061**	96,025
Effect of foreign exchange rate changes		**(1,011)**	1,681
Cash and cash equivalents at end of the period		**301,813**	60,963
Analysis of cash and cash equivalents:			
Bank balances and cash		**301,813**	60,963

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 mainly in the People's Republic of China ("PRC") and sells 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 10th September 2008.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th June 2008 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2007, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st December 2007, as described in the annual financial statements for the year ended 31st December 2007.

The following new interpretations are mandatory for the first time for the financial year beginning on 1st January 2008:

HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above new interpretations had no material financial impact on the Group for the six months ended 30th June 2008.

Notes to the Condensed Consolidated Interim Financial Information

3 Accounting policies (Continued)

The following new/revised standards, amendments to existing standards and interpretations have been issued but are not effective for the financial year beginning on 1st January 2008 and have not been early adopted:

HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1st January 2009)
HKFRS 3 (Revised)	Business Combinations (effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009)
HKFRS 8	Operating Segments (effective for annual periods beginning on or after 1st January 2009)
HKAS 1 (Revised)	Presentation of Financial Statements (effective for annual periods beginning on or after 1st January 2009)
HKAS 23 (Revised)	Borrowing Costs (effective for annual periods beginning on or after 1st January 2009)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1st July 2009)
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations arising on Liquidation (effective for annual periods beginning on or after 1st January 2009)
HK(IFRIC) — Int 13	Customer Loyalty Programmes (effective for annual periods beginning on or after 1st July 2008)
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1st January 2009)
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1st October 2008)

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

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

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.

Notes to the Condensed Consolidated Interim Financial Information

4 Segment information (Continued)

Primary reporting format — business segments (Continued)

For the six months ended 30th June 2007, the Group was organized on a worldwide basis into three main business segments. They were (i) LCD monitors; (ii) LCD TVs; and (iii) CRT monitors. From the second-half of 2007, the Group reorganized its reporting structure and operations in a way that the Group's business segments were changed to (i) Monitors; and (ii) TVs.

Others mainly comprise the sales of 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 30th June 2008 are as follows:

	For the six months ended 30th June 2008			
	Monitors	TVs	Others	Total
	US$'000	US$'000	US$'000	US$'000
Revenue	3,914,593	833,818	149,496	4,897,907
Cost of goods sold	(3,731,031)	(796,391)	(148,585)	(4,676,007)
Other income and other gains excluding export incentives received, fiscal refund received and localization incentives received	14,424	3,072	553	18,049
Operating expenses	(102,443)	(26,781)	(209)	(129,433)
Segment results	95,543	13,718	1,255	110,516
Export incentives received (Note (a))				334
Fiscal refund received (Note (b))				1,243
Localization incentives received (Note (c))				21,506
Operating profit				133,599
Finance costs — net				(27,420)
Share of profits less losses of associated companies				2,668
Profit before taxation				108,847
Taxation				(11,956)
Profit for the period				96,891

Notes to the Condensed Consolidated Interim Financial Information

4 Segment information (Continued)

Primary reporting format — business segments (Continued)

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

	For the six months ended 30th June 2007				
	LCD monitors	LCD TVs	CRT monitors	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	2,888,286	585,784	233,593	90,117	3,797,780
Cost of goods sold	(2,761,696)	(563,736)	(212,010)	(88,003)	(3,625,445)
Other income and other gains excluding export incentives received, fiscal refund received and localization incentives received	11,568	176	703	237	12,684
Operating expenses	(65,537)	(21,156)	(20,436)	(2,194)	(109,323)
Segment results	72,621	1,068	1,850	157	75,696
Export incentives received (Note (a))					484
Fiscal refund received (Note (b))					1,475
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

Notes to the Condensed Consolidated Interim Financial Information

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 law of Brazil, these localization incentives have been directly credited to the reserve account of the local subsidiary. In preparing this condensed consolidated interim financial information, these localization incentives were recognized as an income in the current period and the same amount was appropriated to reserves as at 30th June 2008. Pursuant to the Brazilian regulations, this reserve can be used to set off accumulated losses and increase share capital but cannot be distributed to shareholders.

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

	For the six months ended 30th June 2008			
	Monitors	TVs	Others	Total
	US$'000	US$'000	US$'000	US$'000
Depreciation of property, plant and equipment	21,506	6,344	226	28,076
Amortization of land use rights	—	—	163	163
Amortization of intangible assets	27	—	—	27

	For the six months ended 30th 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

Notes to the Condensed Consolidated Interim Financial Information

4 Segment information (Continued)

Primary reporting format — business segments (Continued)

The segment assets and liabilities at 30th June 2008 and capital expenditure for the six months then ended are as follows:

	Monitors	TVs	Others	Total
	US$'000	US$'000	US$'000	US$'000
Balance sheet				
Segment assets	3,128,469	824,333	160,495	4,113,297
Interests in associated companies				13,903
Unallocated assets				317,287
Total assets				4,444,487
Segment liabilities	(1,815,780)	(313,330)	(4,068)	(2,133,178)
Unallocated liabilities				(901,145)
Total liabilities				(3,034,323)
Capital expenditure	62,817	24,554	—	87,371

Notes to the Condensed Consolidated Interim Financial Information

4 Segment information (Continued)

Primary reporting format — business segments (Continued)

The segment assets and liabilities at 31st December 2007 and capital expenditure for the six months ended 30th June 2007 ended are as follows:

	Monitors	TVs	Others	Total
	US$'000	US$'000	US$'000	US$'000
Balance sheet				
Segment assets	3,013,222	608,462	8,418	3,630,102
Interests in associated companies				10,949
Unallocated assets				147,470
Total assets				3,788,521
Segment liabilities	(1,580,273)	(159,546)	(4,068)	(1,743,887)
Unallocated liabilities				(804,193)
Total liabilities				(2,548,080)

	LCD monitors	LCD TVs	CRT monitors	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Capital expenditure	32,051	8,199	3,029	352	43,631

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 cash and cash equivalents.

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

Capital expenditure comprises additions to property, plant and equipment, land use rights, investment properties and intangible assets (Note 10), including additions resulting from acquisitions through business combinations.

Notes to the Condensed Consolidated Interim Financial Information

4 Segment information (Continued)

Secondary reporting format — geographical segments

	For the six months ended 30th June 2008		
	Revenue	Operating profit/(loss)	Capital expenditure
	US$'000	US$'000	US$'000
Geographical segments:			
Europe	1,135,796	20,036	17,103
North America	1,319,465	47,848	7
South America	288,285	21,213	15,408
Africa	20,743	(122)	—
Australia	96,460	2,957	—
The PRC	1,259,913	40,166	51,282
Rest of the world	777,245	1,501	3,571
	4,897,907	133,599	87,371

Notes to the Condensed Consolidated Interim Financial Information

4 Segment information (Continued)

Secondary reporting format — geographical segments (Continued)

	For the six months ended 30th June 2007		
	Revenue	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

Notes to the Condensed Consolidated Interim Financial Information

4 Segment information (Continued)

Secondary reporting format — geographical segments (Continued)

Total assets	30th June 2008	31st December 2007
	US$'000	US$'000
Geographical segments:		
Europe	**212,211**	110,987
North America	**433,778**	395,045
South America	**337,148**	248,714
Australia	**375**	335
The PRC	**1,587,083**	1,362,068
Rest of the world	**1,859,989**	1,660,423
	4,430,584	3,777,572
Interests in associated companies	**13,903**	10,949
	4,444,487	3,788,521

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

Assets and capital expenditure are categorized according to the country where the assets are located as at the balance sheet date.

Notes to the Condensed Consolidated Interim Financial Information

5 Operating profit

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

	Six months ended 30th June	
	2008	2007
	US$'000	US$'000
Crediting		
Net exchange gains	**31,658**	11,075
Gain on revaluation of investment properties	**—**	3,485
Gain on disposal of available-for-sale financial assets	**8**	—
Fair value gain on other financial assets at fair value through profit or loss	**—**	278
Reversal of provision for impairment of trade receivables	**604**	—
Charging		
Employee benefit expense (including directors' emoluments)	**104,985**	74,555
Depreciation of property, plant and equipment	**28,076**	27,502
Amortization of land use rights	**163**	133
Amortization of intangible assets	**27**	27
Fair value loss on other financial assets at fair value through profit or loss	**508**	—
Loss on disposal of property, plant and equipment	**512**	526
Provision for warranty (Note 15)	**35,928**	36,397
Provision for impairment of trade receivables	**—**	879
Write-down of inventories to net realizable value	**1,045**	232
Impairment loss on available-for-sale financial assets	**902**	—

Notes to the Condensed Consolidated Interim Financial Information

6 Finance costs — net

	Six months ended 30th June	
	2008	2007
	US$'000	US$'000
Interest expense on bank borrowings wholly repayable within five years	**23,207**	13,796
Interest expense on convertible bonds wholly repayable within five years (Note 13)	**5,115**	5,115
	28,322	18,911
Interest income on short-term bank deposits	**(902)**	(1,174)
Finance costs — net	**27,420**	17,737

No borrowing costs were capitalized during the six months ended 30th June 2008 and 2007.

7 Taxation

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit generated in Hong Kong for the six months ended 30th June 2008 (six months ended 30th June 2007: Nil).

Taxation on overseas profits has been calculated on the estimated assessable profits for the six months ended 30th June 2008 at the rates of taxation prevailing in the countries/places in which the Group operated.

The National People's Congress approved the Corporate Income Tax Law of the PRC (the new "CIT Law") on 16th March 2007 and the State Council announced the Detail Implementation Regulations ("DIR") on 6th December 2007, which was effective from 1st January 2008. According to the new CIT Law, the income tax rates for both domestic and foreign investment enterprises is unified at 25% effective from 1st January 2008. However, for enterprise which were established before the publication of the new CIT Law and were entitled to preferential treatments of reduced CIT tax rate granted by relevant tax authorities, the new CIT rate may be gradually increased to 25% within 5 years after the effective date of the new CIT Law. For the region that enjoys a reduced CIT rate at 15%, the new CIT rate will gradually increase to 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012 according to the grandfathering rules stipulated in the DIR and related circular. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term continue to enjoy such treatment until the fixed term expires.

Notes to the Condensed Consolidated Interim Financial Information

7 Taxation (Continued)

For the six months ended 30th June 2007, 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, and another two subsidiaries of the Group, TPV Technology (Beijing) Company Limited and TPV Technology (Suzhou) Company Limited, which were recognized as New and High Technology Enterprises, were subject to the PRC enterprise income tax rate of 15% under the tax regulations of the PRC.

Top Victory Electronics (Fujian) Company Limited, TPV Electronics (Fujian) Company Limited and TPV Technology (Suzhou) Company Limited enjoyed a further 5% reduction in the PRC enterprise income tax rate as their export sales exceeded 70% of the total sales in the six months ended 30th June 2007.

For the six months ended 30th June 2008, Top Victory Electronics (Fujian) Company Limited and TPV Electronics (Fujian) Company Limited were subject to the PRC enterprise income tax rate of 18% while TPV Technology (Beijing) Company Limited and TPV Technology (Suzhou) Company Limited were subject to the PRC enterprise income tax rate of 25% upon the adoption of the new CIT Law.

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

	Six months ended 30th June	
	2008	2007
	US$'000	US$'000
Current taxation — overseas taxation	**15,391**	6,022
Deferred taxation	**(3,435)**	1,213
Taxation charge	**11,956**	7,235

Notes to the Condensed Consolidated Interim Financial Information

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 30th June	
	2008	2007
Profit attributable to equity holders of the Company *(US$'000)*	**96,818**	67,916
Weighted average number of ordinary shares in issue *(thousands)*	**1,985,971**	1,947,298
Basis earnings per share *(US cents per share)*	**4.88**	3.49

(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 profit attributable to equity holders of the Company is adjusted to eliminate the interest expense. 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.

Notes to the Condensed Consolidated Interim Financial Information

8 Earnings per share (Continued)

(b) Diluted (Continued)

	Six months ended 30th June	
	2008	2007
Profit attributable to equity holders of the Company *(US$'000)*	**96,818**	67,916
Interest expense on convertible bonds *(US$'000)*	**5,115**	5,115
Profit used to determine diluted earnings per share *(US$'000)*	**101,933**	73,031
Weighted average number of ordinary shares in issue *(thousands)*	**1,985,971**	1,947,298
Adjustments for		
— assumed conversion of convertible bonds *(thousands)*	**313,289**	326,886
— share options *(thousands)*	**4,398**	11,840
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**2,303,658**	2,286,024
Diluted earnings per share *(US cents per share)*	**4.42**	3.19

9 Interim dividend

	Six months ended 30th June	
	2008	2007
	US$'000	US$'000
Interim, proposed, of US0.88 cent (2007: US0.80 cent) per ordinary share	**18,609**	15,633

The directors declared on 10th September 2008 an interim dividend of US0.88 cent (2007: US0.80 cent) per share payable in cash to equity holders. 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 31st December 2008.

Notes to the Condensed Consolidated Interim Financial Information

10 Capital expenditure

	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 30th June 2008						
Opening net book amount at 1st January 2008	**250,697**	**15,278**	**10,403**	**359,098**	**321**	**359,419**
Exchange differences	**8,936**	**70**	**—**	**—**	**—**	**—**
Additions	**80,738**	**3,733**	**—**	**—**	**—**	**—**
Acquisition of a business operation (Note 19)	**2,900**	**—**	**—**	**30,000**	**—**	**30,000**
Disposals	**(3,459)**	**—**	**—**	**—**	**—**	**—**
Depreciation and amortization	**(28,076)**	**(163)**	**—**	**—**	**(27)**	**(27)**
Closing net book amount at 30th June 2008	**311,736**	**18,918**	**10,403**	**389,098**	**294**	**389,392**
Six months ended 30th June 2007						
Opening net book amount at 1st January 2007	197,850	11,964	6,741	359,098	374	359,472
Exchange differences	583	(185)	—	—	—	—
Additions	43,631	—	—	—	—	—
Disposals	(845)	—	—	—	—	—
Transfer to investment properties	(360)	(52)	412	—	—	—
Fair value gain	—	—	3,485	—	—	—
Depreciation and amortization	(27,502)	(133)	—	—	(27)	(27)
Closing net book amount at 30th June 2007	213,357	11,594	10,638	359,098	347	359,445

Notes to the Condensed Consolidated Interim Financial Information

11 Trade receivables

	30th June 2008	31st December 2007
	US$'000	US$'000
Trade receivables	**1,492,828**	1,526,490
Less: provision for impairment of receivables	**(3,525)**	(4,958)
Trade receivables — net	**1,489,303**	1,521,532

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.

As of 30th June 2008 and 31st December 2007, the ageing analysis of trade receivables is as follows:

	30th June 2008	31st December 2007
	US$'000	US$'000
0–30 days	**949,069**	565,686
31–60 days	**354,239**	582,513
61–90 days	**153,730**	294,040
91–120 days	**29,644**	66,787
Over 120 days	**6,146**	17,464
	1,492,828	1,526,490

Notes to the Condensed Consolidated Interim Financial Information

12 Share capital

	30th June 2008	31st December 2007
	US$'000	US$'000
Authorized:		
4,000,000,000 (31st December 2007: 4,000,000,000) ordinary shares of US$0.01 each	**40,000**	40,000
Issued and fully paid:		
2,115,442,525 (31st December 2007: 1,964,728,525) ordinary shares of US$0.01 each	**21,154**	19,647

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

	2008		2007	
	Number of issued ordinary shares of US$0.01 each	Par value	Number of issued ordinary shares of US$0.01 each	Par value
		US$'000		US$'000
Opening balance at 1st January	**1,964,728,525**	**19,647**	1,942,185,525	19,422
Issue of new shares, net of expenses (Note (a))	**150,500,000**	**1,505**	—	—
Repurchase of the Company's shares (Note (b))	**(530,000)**	**(5)**	—	—
Issue of shares pursuant to exercise of share options (Note (c))	**744,000**	**7**	11,907,000	119
Closing balance at 30th June	**2,115,442,525**	**21,154**	1,954,092,525	19,541

Notes to the Condensed Consolidated Interim Financial Information

12 Share capital (Continued)

Notes:

(a) The Company issued 150,500,000 shares of HK$5.390 (US$0.691) each on 4th June 2008 to Chi Mei Optoelectronics Corp. ("CMO").

(b) The Company repurchased 530,000 shares of issued shares of US$0.01 each from the market according to the general mandate granted at the general meeting at the prices ranging from HK$4.250 (US$0.545) to HK$4.300 (US$0.551). All the repurchased shares were cancelled accordingly.

(c) 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 30th June 2008, 744,000 (six months ended 30th June 2007: 11,907,000) 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 an exercise price of HK$4.735 per share.

During the six months ended 30th June 2008, 1,431,429 share options (six months ended 30th June 2007: 5,541,000) 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 1st January 2008	Granted during the period	Exercised during the period	Lapsed during the period	At 30th June 2008
3rd November 2003	HK$4.140	13,675,000	—	—	—	13,675,000
20th May 2004	HK$4.735	64,731,229	—	(744,000)	(1,361,429)	62,625,800
12th December 2007	HK$5.750	22,484,026	—	—	(70,000)	22,414,026
		100,890,255	—	(744,000)	(1,431,429)	98,714,826

Notes to the Condensed Consolidated Interim Financial Information

12 Share capital (Continued)

Notes: (Continued)

(c) The share options exercised during the six months ended 30th June 2008 resulted in 744,000 (six months ended 30th June 2007: 11,907,000) ordinary shares being issued at HK$4.735 (US$0.607), yielding the following proceeds:

	Six months ended 30th June	
	2008	2007
	US$'000	US$'000
Ordinary share capital — at par	7	119
Share premium	445	4,664
Proceeds	452	4,783

The related weighted average share price at the time of exercise was HK$5.264 (US$0.675) (six months ended 30th June 2007: HK$5.123 (US$0.657)) per share.

13 Borrowings

	30th June 2008	31st December 2007
	US$'000	US$'000
Non-current		
Bank borrowings	**31,800**	45,000
Convertible bonds	**204,656**	202,956
	236,456	247,956
Current		
Bank borrowings	**633,312**	540,189
Total borrowings	**869,768**	788,145

Notes to the Condensed Consolidated Interim Financial Information

13 Borrowings (Continued)

Movements in borrowings are analysed as follows:

	US$'000
Six months ended 30th June 2008	
Opening amount at 1st January 2008	**788,145**
Inceptions of borrowings	**4,475,659**
Repayments of borrowings	**(4,395,736)**
Convertible bonds — liability component	**1,700**
Closing amount at 30th June 2008	**869,768**
Six months ended 30th June 2007	
Opening amount at 1st January 2007	416,147
Inceptions of borrowings	591,244
Repayments of borrowings	(724,730)
Convertible bonds — liability component	1,569
Closing amount at 30th June 2007	284,230

The carrying amounts of the bank borrowings approximate their fair values as the bank borrowings are at floating interest rate.

The Company issued 3.35% convertible bonds in the principal amount of US$211 million to Koninklijke Philips Electronics N.V. ("Philips") on 5th September 2005 as part of the purchase consideration for a business combination.

The bonds mature in 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 a conversion price of HK$5.241 (US$0.672) per share.

The conversion price 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.

Notes to the Condensed Consolidated Interim Financial Information

13 Borrowings (Continued)

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

At the time of issuance, 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 equity conversion component is included in shareholders' equity.

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

	Six months ended 30th June	
	2008	2007
	US$'000	US$'000
Equity component	**58,271**	58,271
Liability component		
At 1st January	**202,956**	199,857
Interest expense (Note 6)	**5,115**	5,115
Interest paid	**(3,415)**	(3,546)
At 30th June	**204,656**	201,426

The fair value of the liability component of the convertible bonds as at 30th June 2008 amounted to US$177,574,000 (31st December 2007: US$183,063,000). The fair value was calculated using the cash flows discounted at a rate based on the discount rate of 12.30% (31st December 2007: 9.42%).

Notes to the Condensed Consolidated Interim Financial Information

14 Trade payables

As of 30th June 2008 and 31st December 2007, the ageing analysis of trade payables is as follows:

	30th June 2008	31st December 2007
	US$'000	US$'000
0–30 days	**916,551**	501,250
31–60 days	**340,747**	566,025
61–90 days	**331,250**	196,251
Over 90 days	**215,405**	173,223
	1,803,953	1,436,749

The carrying amounts of trade payables approximate their fair values.

15 Warranty provisions

	2008	2007
	US$'000	US$'000
At 1st January	**47,627**	33,098
Charged to the income statement (Note 5)	**35,928**	36,397
Utilized during the period	**(28,057)**	(35,203)
At 30th June	**55,498**	34,292

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 of 30th June 2008 had 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.

Notes to the Condensed Consolidated Interim Financial Information

16 Corporate guarantees

	30th June 2008	31st December 2007
	US$'000	US$'000
Guarantees in respect of banking facilities granted to an associated company	**3,000**	3,000

17 Contingent liabilities

(a) 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 I").

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 I 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 13th May 2004, it is not probable to assess the future outcome of the litigation for the time being. Even if the outcome turns out to be unfavourable, the directors consider that its future settlement may not have any material financial impact on the Group as a whole.

Notes to the Condensed Consolidated Interim Financial Information

17 Contingent liabilities (Continued)

(b) 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 II").

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 II 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 II; 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 the proceedings were stayed to the extent the Group is concerned according to the Court's Stipulation and Order of 23rd October 2007, 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.

(c) In November 2007, the U.S. International Trade Commission instituted an investigation based on a complaint filed by a third party against the Group and one of its associated companies. The claims of the complaint related to alleged infringement of Patent II.

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

(i) their unfair acts include the unlicensed importation, sale for importation and/or sale after importation of digital televisions and products containing the same in the United States of America. The accused televisions employ patented technology related to Patent II; and

(ii) the complainant requested for issuance of limited exclusion order prohibiting the entry into the United States of America all of respondents' imported televisions and products containing digital television covered by Patent II; and cease and desist order stopping importing, offering for sale, marketing, advertising, demonstrating, warehousing, distributing, selling and/or using such imported products of respondents in the United States of America.

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

Notes to the Condensed Consolidated Interim Financial Information

17 Contingent liabilities (Continued)

(d) In January 2008, two third party companies filed a complaint in the United States of America against the Group and certain other third party companies under the antitrust laws.

The complaint concerned claims related to conspiracy to fix, raise, maintain and stabilize the price of CRTs and products containing CRTs.

As far as the Group is concerned, it was alleged among other matters that:

(i) the defendants' unlawful combination or conspiracy alleged in this complaint shall be adjudged and decreed to be a restraint of trade or commerce; and

(ii) the plaintiffs are entitled to recover damages, as provided by federal antitrust laws, and that a joint and several judgment in favor for plaintiffs in an amount to be trebled in accordance with such laws.

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 Commitments

(a) Capital commitments

	30th June 2008	31st December 2007
	US$'000	US$'000
Capital commitments for plant and equipment		
— Contracted but not provided for	**2,576**	44,125

Notes to the Condensed Consolidated Interim Financial Information

18 Commitments (Continued)

(b) Commitments under operating leases

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

	30th June 2008	31st December 2007
	US$'000	US$'000
Not later than one year	**3,705**	2,446
Later than one year and not later than five years	**4,278**	3,702
Later than five years	**295**	707
	8,278	6,855

(c) Future operating lease receivable arrangements

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

	30th June 2008	31st December 2007
	US$'000	US$'000
Not later than one year	**519**	957
Later than one year and not later than five years	**—**	55
	519	1,012

Notes to the Condensed Consolidated Interim Financial Information

19 Business combination

On 31st March 2008, the Group acquired a business operation from CMO, a major shareholder of the Company, for a cash consideration of US$32,900,000.

The acquired business contributed revenues of US$154,843,000 and loss before taxation of US$3,235,000 for the Group for the period from 31st March 2008 to 30th June 2008. If the acquisition had occurred on 1st January 2008, consolidated revenues and consolidated profit before taxation for the half-year ended 30th June 2008 would have been US$5,039,916,000 and US$107,426,000 respectively.

Details of the assets acquired and goodwill arising from the acquisition are as follows:

	30th June 2008
	US$'000
Purchase consideration — cash paid	32,900
Less: provisional fair value of assets acquired	(2,900)
Provisional goodwill (Note 10)	30,000

The goodwill is attributable to the Monitors segment and the synergies expected to arise after the Group's acquisition of the business operation.

As at the date of this condensed consolidated interim financial information, the initial accounting for the acquisition is determined on a provisional basis as the allocation of fair value to the identifiable assets and liabilities of the acquisition is still progressing. Adjustments to those provisional values of identifiable assets and liabilities, including any additional depreciation, amortization, and other profit or loss effect, if any, will be recognized on completion of the initial accounting.

Notes to the Condensed Consolidated Interim Financial Information

19 Business combination (Continued)

The assets as of 31st March 2008 arising from the acquisition are as follows:

	Acquiree's carrying amount	Provisional fair value
	US$'000	US$'000
Property, plant and equipment (Note 10)	2,900	2,900
Net identifiable assets acquired	2,900	2,900
Outflow of cash to acquire business, net of cash acquired:		
— cash consideration		32,900
Cash outflow on acquisition		32,900

20 Related party transactions

On 24th December 2007, China Great Wall Computer Shenzhen Company Limited ("CGC") completed its acquisition of 200,000,000 ordinary shares of the Company from BOE Technology Group Co., Ltd. ("BOE"). On 4th June 2008, the Company issued 150,500,000 new ordinary shares of the Company to CMO.

As of 30th June 2008, the major shareholders of the Company are Philips, CGC and CMO, which owned 12.44%, 9.45% and 7.11% of the Company's issued ordinary shares respectively.

Notes to the Condensed Consolidated Interim Financial Information

20 Related party transactions (Continued)

(a) Significant transactions with related parties

During the six months ended 30th June 2008, the Group had some significant transactions with its associated companies, Envision Peripherals, Inc., CPT TPV Optical (Fujian) Co., Ltd. and HannStar Display (Wuhan) Corp. and its substantial shareholders, Philips and CMO.

During the six months ended 30th June 2007, the Group had some significant transactions with its associated companies, Envision Peripherals, Inc, and CPT TPV Optical (Fujian) Co., Ltd., and its substantial shareholders, Philips and BOE.

All of the transactions were carried out in the normal course of the Group's business and summarised as follows:

	Six months ended 30th June	
	2008	2007
	US$'000	US$'000
Sales of finished goods to an associated company	**149,656**	66,322
Sales of finished goods to Philips and its subsidiaries	**626,211**	830,926
Sales of finished goods to CMO and its subsidiaries	**67,901**	—
Purchases of raw materials from BOE and its subsidiaries	**—**	(54,628)
Purchases of raw materials from Philips and its subsidiaries	**(358,384)**	(465,768)
Purchases of raw materials from CMO and its subsidiaries	**(880,200)**	—
Commission paid to Philips and its subsidiaries	**—**	(364)
Commission paid to an associated company	**(341)**	(333)
Rental income from an associated company	**447**	503

The above transactions were conducted in the normal course of business at prices and terms as agreed between the transacting parties.

Notes to the Condensed Consolidated Interim Financial Information

20 Related party transactions (Continued)

(b) Key management compensation

	Six months ended 30th June 2008	2007
	US$'000	US$'000
Salaries and other short-term employee benefits	442	370
Share-based payments	—	31
	442	401

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

	30th June 2008	31st December 2007
	US$'000	US$'000
Receivables from related parties:		
Associated company		
— Envision Peripherals, Inc. (Note (i))	110,412	30,660
Substantial shareholders and their subsidiaries:		
— Philips and its subsidiaries (Note (ii))	190,392	369,074
— CMO and its subsidiaries (Note (iii))	5,658	—
	196,050	369,074
Payables to related parties:		
Substantial shareholders and their subsidiaries (Note (iv)):		
— Philips and its subsidiaries	129,663	125,395
— CMO and its subsidiaries	270,439	—
	400,102	125,395

Notes to the Condensed Consolidated Interim Financial Information

20 Related party transactions (Continued)

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

Notes:

(i) Receivables from Envision Peripherals, Inc. were presented in the condensed consolidated interim balance sheet within trade receivables.

(ii) Receivables from Philips and its subsidiaries of US$180,544,000 (31st December 2007: US$352,862,000) and US$9,848,000 (31st December 2007: US$16,212,000) were presented in the condensed consolidated interim balance sheet within trade receivables and deposits, prepayments and other receivables respectively.

(iii) Receivables from CMO and its subsidiaries of US$2,113,000 (31st December 2007: not applicable) and US$3,545,000 (31st December 2007: not applicable) were presented in the condensed consolidated interim balance sheet within trade receivables and deposits, prepayments and other receivables respectively.

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

21 Seasonality

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

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