MANY MINDS ONE TPV

INTERIM REPORT 2010

TPV TECHNOLOGY LIMITED

冠 捷 科 技 有 限 公 司

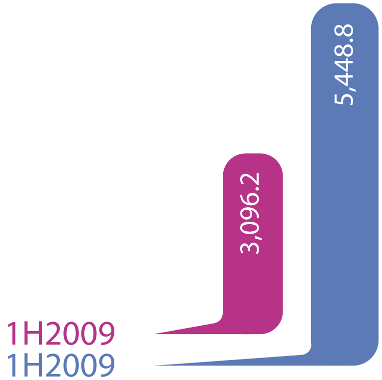
(Incorporated in Bermuda with limited liability)

About Us

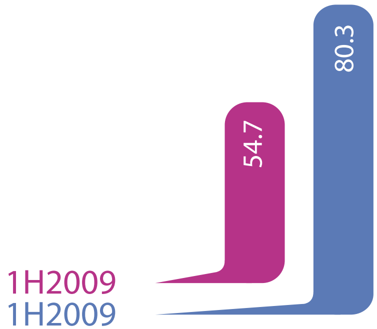
TPV Technology Limited is a leading display solutions provider. The Group designs and produces a full range of PC monitors and LCD TVs on ODM basis for its distribution worldwide. TPV's products add value to customer through cost leadership, timely delivery and superior quality.

The Group also distributes its products globally under its own brands AOC and Envision. Today, TPV is the world's largest PC monitor and ODM LCD TV maker in terms of unit shipment. The Company has been listed on both Hong Kong and Singapore stock exchanges since October 1999.

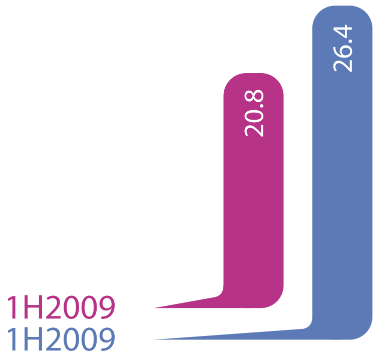
Financial Highlights



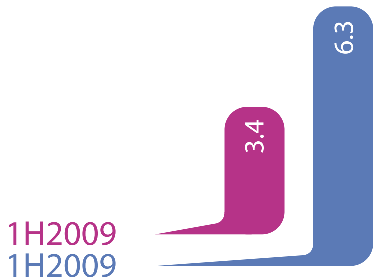
REVENUE
(US$ Million)



PROFIT ATTRIBUTABLE TO EQUITY HOLDERS
(US$ Million)

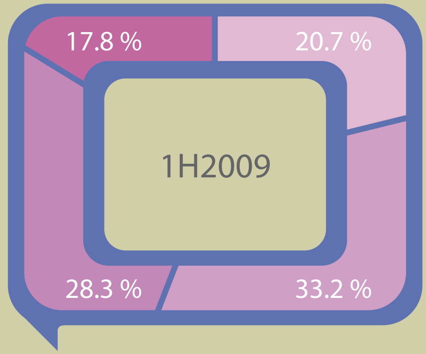


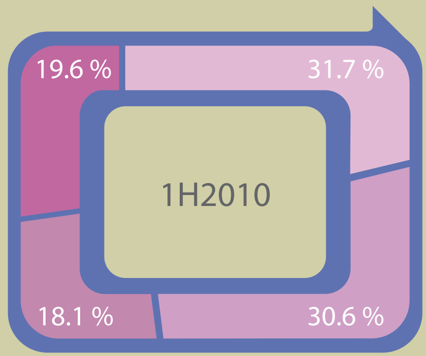
PC MONITORS
(Million Units)



LCD TVs
(Million Units)

CONTRIBUTION BY GEOGRAPHICAL MARKET (%)





Europe
North America
PRC
Rest of World

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of US0.76 cent (six months ended 30th June 2009: US0.60 cent) per share for the six months ended 30th June 2010 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 Wednesday, 6th October 2010.

The dividend cheques will be distributed to shareholders on or about Thursday, 14th October 2010.

BUSINESS REVIEW

Sovereign debt crises erupted in several Eurozone countries during the first half of 2010. These cast a dark shadow over the financial sector and caused the global economic recovery to falter for a while. Although the prompt actions of governments in the region averted a widespread catastrophe, the episode served to remind us that the world's financial stability remains fragile, and its economic outlook is still uncertain.

The TFT-LCD market demonstrated its resilience during the first half of 2010 with strong year-on-year growth in volume and relatively stable prices. The introduction of newer and better products (such as LED back-lit TVs and monitors, and all-in-one PCs (AIOs)), robust demand in China, and hopes of a revival in the corporate replacement cycle all contributed to this positive performance. Worldwide sales of LCD TVs soared by 46.8 percent on a year-on-year basis during the same period, while sales of monitor products enjoyed a 12.3 percent growth.

Panel prices remained stable amid the volatile market environment during the first half of 2010. After a surge of more than 10 percent in the first quarter, monitor panel prices were on average 5 percent lower during the second quarter, when consumers everywhere became perturbed by the slew of negative news on the economic front. On the other hand, TV panel prices held up firmly throughout the first six months of the year, but they began to falter in June, as channels saw their inventories building up and took steps to start reducing them in view of the uncertainty about future demand. Eventually, TV panel prices were at the same level at the end of June as they were six months earlier.

BUSINESS REVIEW (Continued)

TPV registered a record consolidated revenue of US$5.4 billion during the first half of 2010. This was 76 percent higher than the US$3.1 billion it achieved in the same period last year. Net profit attributable to equity holders increased by 46.9 percent year-on-year to US$80.3 million, which translated to basic earnings per share of US3.57 cents (1H2009: US2.59 cents). The gross profit (GP) margin for the half-year was 5.5 percent, 20 basis points lower than the 5.7 percent achieved in 2009, as the result of increased labour costs and pressure on prices, especially the prices of TV products.

TPV shipped 26.4 million units of PC monitors in the first six months of 2010, a year-on-year increase of 27.3 percent. Their ASP of US$118.1 was 14.1 percent higher than the figure of US$103.5 recorded during the same period of 2009. The monitor business segment generated revenue of US$3.1 billion or 57.3 percent of the Group's consolidated revenue during the first half-year.

The Group also shipped 6.3 million units of LCD TVs, a big leap from the 3.4 million units it shipped in the same period of 2009. This lifted our world ranking among LCD TV manufacturers to number 3. Total TV revenue amounted to US$1.8 billion, 112.1 percent more than the US$866.4 million for the first half of 2009. The LCD TV segment contributed 33.7 percent of consolidated revenue, up from 28 percent in the same months last year. Their ASP was US$290.6, compared to US$255 a year ago.

TPV derived US$1.7 billion of its first half revenue from Europe, which accounted for 31.7 percent of the Group's global revenue. This was an impressive 169 percent jump on the US$641.3 million for the first half of 2009. Because of its close proximity to the end markets and the enhanced efficiency of its operations, our Poland plant continued to receive substantial orders from international TV brands seeking reliable outsourcing partners for their requirements in Europe.

The robust China market accounted for US$1.7 billion or 30.6 percent of total revenue, a rise of 62.3 percent on the figure of US$1 billion a year earlier. On the other hand, sales in North America grew more modestly to US$987.2 million, a year-on-year increase of 12.6 percent, while the region contributed 18.1 percent to the Group's total consolidated revenue, compared to 28.3 percent in the same months of last year. The rest of the world accounted for US$1.1 billion or 19.6 percent of the total, compared to US$550.1 million or 17.8 percent in the first half of 2009.

TPV's joint ventures (JVs) with LG Display Co., Ltd. in Xiamen and Fuqing shipped their first consignments in March and May 2010, respectively. The Xiamen JV company is scheduled to produce 2.5 million TV LCD modules and sets by the end of this year, whereas the one in Fuqing aims to ship 2.2 million monitor modules and sets in the same period.

BUSINESS REVIEW (Continued)

The Group's JV with Inventec manufactures AIOs, and it also began to ship ODM orders in July 2010. Its launch will enable the Group to gain quick access to this niche segment, in which global demand is expected to reach almost 9 million units during 2010.

To prepare itself for an anticipated upsurge in LED product demand, the Group entered into a JV agreement with Everlight and Epistar in June 2010. The new JV will design, manufacture and sell LED light bars, LED packages and other LED-related components and modules, and provide after-sales services in the PRC.

PROSPECTS

The outlook for the world economy in the remaining months of 2010 is still hazy. While China's economy continues to enjoy good growth, that of the US is lacklustre with a negative bias, and the sovereign debt crisis is inhibiting the Eurozone's growth prospects.

From the industry's perspective, the lukewarm economic prospects are affecting demand for both monitors and TVs, causing a glut of inventory throughout the supply chain and forcing panel makers to cut back on their production at the start of the peak season. As a result, panel prices continued to decline at an accelerating pace during July and August – the opposite of what most industrial research had predicted earlier. Against this backdrop, the Group anticipates that its flow of orders – and hence revenue and profit margins – will be affected by the headwinds of uncertainty about demand.

However, the popularity of LED-backlit displays and a number of emerging technological developments, such as the digitalisation of broadcasting in the Western Europe, 3D and connected TVs (Internet TVs), are expected to stimulate market demand during the fourth quarter peak season.

In response to the mixed and uncertain signals in the economy, the Group will continue to bolster its business and refine its supply chain by strengthening its existing strategic relationships and building new ones. At the same time, it will implement further measures to improve its cost structure. It remains confident that its efforts in these areas will pay off once the global economy has got back on track.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group ended the half year with US$230.7 million (31st December 2009: US$270.4 million) of cash and bank balances. Available banking facilities amounted to US$4.65 billion (31st December 2009: US$4.3 billion), of which US$1.23 billion were utilized (31st December 2009: US$0.74 billion).

Bank loans were borrowed on floating-rate basis. The maturity profile of our debts as of 30th June 2010 was as follows:

Duration	**30th June 2010 US$'000**	31st December 2009 US$'000
Within one year	**253,935**	209,212
In the second year	**–**	6,124

The five-year convertible bond of US$211 million will mature on 5th September 2010 and the Group has already prepared sufficient financing to fund the possible redemption.

Inventory turnover days increased 8.5 days to 45.3 days from 36.8 days for the year ended 31st December 2009. Trade receivables turnover days shortened to 65.7 days (31st December 2009: 73.8 days), while trade payable turnover days lengthened to 82.9 days (31st December 2009: 69.1 days).

The Group's gearing ratio, representing the ratio of total borrowings to total assets lowered to 4.8 percent as compared to 5.2 percent at the end of 2009. Current ratio was at a healthy 124.4 percent (31st December 2009: 127 percent).

FOREIGN EXCHANGE RISK

As at 30th June 2010, the total notional principal amounts of the outstanding foreign exchange forward contracts were as follows:

	30th June 2010 (US$'000)	31st December 2009 (US$'000)
Sell Renminbi for US dollars	**3,519,000**	2,853,000
Sell US dollars for Renminbi	**3,170,500**	2,858,000
Sell Japanese Yen for US dollars	**108,200**	5,800
Sell Euros for US dollars	**133,927**	73,719
Sell Brazilian Real for US dollars	**45,534**	42,500
Sell Indian Rupee for US dollars	**14,000**	10,000
Sell HK dollars for US dollars	**–**	3,000
Sell Mexican Peso for US dollars	**1,000**	1,400
Sell US for Polish Zloty	**37,500**	–
Sell US for New Taiwan Dollar	**6,000**	–

WORKFORCE

As at 30th June 2010, TPV employed 35,894 (31st December 2009: 29,479) people worldwide. All employees were remunerated in accordance with industry practice in locations where they worked.

DIRECTORS' INTERESTS

As at 30th June 2010, the interests of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO including interests and short positions in which they were taken or deemed to have under such provisions of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Exchange (the "Listing Rules") were as follows:

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

Name of director	Type of interest	Number of shares held (long position)
Dr Hsuan, Jason	Corporate (Note 1)	24,754,803

Notes:

(1) The interest of Dr Hsuan, Jason disclosed herein includes the holding of 24,754,803 shares by Bonstar International Limited, a company beneficially and wholly owned by 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 30th June 2010, 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 2010 was the Company or its subsidiaries, 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 2010, the Company has no ultimate holding company.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June 2010, 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)
China Electronics Corporation ("CEC")	822,408,647 (Note 1)	N/A
China Great Wall Computer Group Company	570,450,000 (Note 1)	N/A
Great Wall Technology Co. Ltd. ("GWT")	570,450,000 (Note 1)	N/A
China Great Wall Computer (Shenzhen) Co. Ltd. ("CGCSZ")	570,450,000 (Note 1)	N/A
China Great Wall Computer (H.K.) Holding Limited ("CGCHK")	370,450,000 (Note 1)	N/A
China National Electronics Imp. & Exp. Corporation	251,958,647 (Note 1)	N/A
CEIEC (H.K.) Limited ("CEIEC HK")	251,958,647 (Note 1)	N/A
Mitsui & Co., Ltd. ("Mitsui")	353,008,590	N/A
Koninklijke Philips Electronics N.V. ("Philips")	63,176,463 (Note 2)	313,300,433 (Note 2)
Philips Electronics China B.V. ("PEC")	63,176,463 (Note 2)	313,300,433 (Note 2)
Philips Electronics Hong Kong Limited ("Philips HK")	63,176,463 (Note 2)	313,300,433 (Note 2)
Chi Mei Innolux Corporation ("CMI")	150,500,000 (Note 3)	N/A
Chi Mei Corporation ("CMC")	150,500,000 (Note 3)	N/A

Notes:

(1) CGCHK, CGCSZ and CEIEC HK are the registered holders of the aggregate of 822,408,647 Shares held within the CEC Group, of which 370,450,000 Shares are held by CGCHK, 200,000,000 Shares are held by CGCSZ, and 251,958,647 Shares are held by CEIEC HK. CGCHK is a wholly-owned subsidiary of CGCSZ. CGCSZ is owned as to 47.82% by GWT. GWT is a company owned as to 62.11% by China Great Wall Computer Group Company, which is a wholly-owned subsidiary of CEC. China National Electronics Imp. & Exp. Corporation is a wholly-owned subsidiary of CEC. CEIEC HK is a wholly-owned subsidiary of China National Electronics Imp. & Exp. Corporation and CEIEC HK is an indirectly wholly-owned subsidiary of CEC.

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Continued)

Interest in ordinary shares of US$0.01 each and the convertible bonds of the Company (Continued)

Notes: (Continued)

(2) These Shares are held by Philips HK, which is owned as to 42% by Philips and as to 58% by Philips Electronics China B.V. ("PEC"). PEC is a wholly-owned subsidiary of Philips.

Pursuant to the terms of convertible bonds issued by the Company on 5th September 2005 (the "Convertible Bonds"), Philips HK may exercise the conversion rights attaching thereto and the Company may issue a maximum of 313,300,433 Shares to Philips HK upon conversion of the Convertible Bonds by Philips HK.

(3) These Shares are held by CMI. CMI is owned as to 13.57% by CMC, and as to 3.57% by Linklinear Development Co. Ltd., which in turn is owned as to 54.22% by CMC.

SHARE OPTION

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 2010, no share options have been granted or cancelled.

SHARE OPTION (Continued)

Particulars of outstanding options under the New Scheme at the beginning and at the end of the financial period for the six months ended 30th June 2010 and options exercised and lapsed during the period were as follows:

	Date of grant	Exercise Price HK$	Exercisable Period	Number of options As at 01/01/2010	Exercised	Lapsed	As at 30/06/2010
Directors							
Mr Chan Boon-Teong	12/12/2007	5.75	12/12/2008–11/12/2012	80,000	0	0	80,000
		(Note 1)	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	5.75	12/12/2008–11/12/2012	60,000	0	0	60,000
		(Note 1)	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	5.75	12/12/2008–11/12/2012	60,000	0	0	60,000
		(Note 1)	12/12/2009–11/12/2012	90,000	0	0	90,000
			12/12/2010–11/12/2012	150,000	0	0	150,000
Employees	12/12/2007	5.75	12/12/2008–11/12/2012	4,071,605	0	(94,000)	3,977,605
		(Note 1)	12/12/2009–11/12/2012	6,107,408	0	(141,000)	5,966,408
			12/12/2010–11/12/2012	10,179,013	0	(235,000)	9,944,013
				21,358,026	0	(470,000)	20,888,026

Note:

(1) These options are exercisable at HK$5.75 (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.

ISSUE AND ALLOTMENT OF NEW SHARES

On 28th January 2010, the Company and Mitsui entered into a subscription agreement (the "Subscription") pursuant to which 234,583,614 new ordinary shares (the "Subscription Shares") were subscribed at the subscription price of HK$5.20 per share (the "Subscription Price") for a total subscription amount of HK$1,219,834,793.00. No commission or fees were payable in respect of the Subscription and the net Subscription Price was HK$5.20 per share. The Subscription was completed on 16th March 2010 and the Subscription Shares were issued and allotted on the same day. The Subscription Price represented a premium of approximately 6.56% over the closing price of HK$4.88 per share as quoted on the Exchange on 28th January 2010. The proceeds of the Subscription were applied towards the general working capital of the Group.

The investment by Mitsui has not only strengthen the shareholder base of the Company but also broaden its geographic reach in the growing TV market. With the support of Mitsui, the Company expects to gain further access to the increasing outsouring orders from TV brand holders.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June 2010.

CORPORATE GOVERNANCE PRACTICES

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

During the six months ended 30th June 2010, the Company has complied with all the provisions of the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Listing Rules, except for deviations from provisions A.2.1 and A.4.1 of the CG Code, the reasons for which are explained below.

The Board will continue to review and further improve the Company's corporate governance practices and standards, so as to ensure that its 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.

CORPORATE GOVERNANCE PRACTICES (Continued)

Chairman and Chief Executive Officer (Continued)

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 the management. Such a structure provides many of the benefits of having a separate chairman and chief executive officer. It includes:

– Having a majority of non-executive directors and independent non-executive directors on the Board;

– Having an Audit Committee consisting solely of independent non-executive directors;

– Having a majority of independent non-executive directors on the Remuneration Committee; and

– Ensuring that independent non-executive directors have free and direct access to the Company's management, internal audit division, external auditors and independent professional advisers, whenever it is considered necessary.

The Board believes that these measures will ensure that independent non-executive directors continue to monitor the Group's management and review and provide recommendations on key issues relating to strategy, risk and integrity in an efficient manner. The Board continuously reviews the effectiveness of the Group's corporate governance structure, in order to assess whether any changes, including the separation of the roles of chairman and chief executive officer, are necessary.

CORPORATE GOVERNANCE PRACTICES (Continued)

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 taken to ensure that the Company's corporate governance practices are no less exacting than those stipulated in the CG Code.

The Board also considers that determination of the appointment and removal of directors should be in accordance with its collective decision. Consequently, it does not intend to adopt the recommended best practice of the CG Code to set up a nomination committee for the time being.

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"), the terms of which no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listing Issuers (the "Model Code") in the Listing Rules.

Specific enquiries have been made with all the directors, who have confirmed that they complied with the required standards set out in the Model Code and in the Internal Rules during the six months ended 30th June 2010.

Relevant employees who are likely to be in possession of unpublished price-sensitive information regarding 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. The terms of the RE Code are likewise no less exacting than the required standards set out in the Model Code.

AUDIT COMMITTEE

The Company has established the Audit Committee with specific written terms of reference that are in line with the relevant provisions of the CG Code. All members of the Audit Committee are independent non-executive directors.

The Audit Committee regularly meets the external auditor to discuss any areas of concern regarding the audits and review. It reviews the quarterly, interim and annual results before these are submitted to the Board. In reviewing the Company's financial results, the Audit Committee focuses not only on the impact of changes in accounting policies and practices, but also on compliance with accounting standards, Listing Rules and other related legal requirements.

The Company provides the Audit Committee with sufficient resources, including the advice of the external auditors and internal auditors, to enable it to discharge its duties.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee with specific written terms of reference that are in line with the relevant 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, one non-executive director and the Chairman and Chief Executive Officer of the Company.

The Remuneration Committee is responsible for reviewing and evaluating the remuneration packages of 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 2010 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 2010.

CLOSURE OF REGISTERS OF MEMBERS

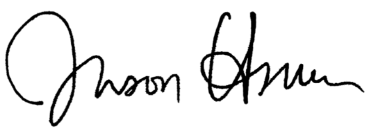
The registers of members of the Company will be closed from Wednesday, 6th October 2010 to Friday, 8th October 2010, both days inclusive, during which period no transfer of shares will be registered.

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 Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 5th October 2010 or the Company's share transfer office in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32–01, Singapore 048623, not later than 5:00 p.m. on Tuesday, 5th October 2010 (as the case may be).

BOARD COMPOSITION

As at the date of this report, the Board comprises an executive director, namely Dr Hsuan, Jason, and nine non-executive directors, namely Mr Liu Liehong, Mr Lu Ming, Ms Wu Qun, Mr Xu Haihe, Mr Du Heping, Mr Tam Man Chi, Mr Robert Theodoor Smits and Mr Chen Yen-Sung, Eddie and Mr Junichi Kodama, and three independent non-executive directors, namely Mr Chan Boon-Teong, Dr Ku Chia-Tai and Mr Wong Chi Keung.

On behalf of the Board



Dr Hsuan, Jason
Chairman and Chief Executive Officer

Hong Kong, 26th August 2010

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE 2010

	Note	Unaudited Six months ended 30th June 2010 US$'000	 2009 US$'000
Revenue	4	**5,448,785**	3,096,199
Cost of goods sold		**(5,148,422)**	(2,920,346)
Gross profit		**300,363**	175,853
Other income		**14,302**	6,852
Other gains – net		**24,199**	22,594
Selling and distribution expenses		**(131,114)**	(62,927)
Administrative expenses		**(54,940)**	(41,409)
Research and development expenses		**(47,200)**	(32,205)
Operating profit	4 & 5	**105,610**	68,758
Finance income		**1,736**	1,885
Finance costs		**(6,669)**	(7,888)
Finance costs – net	6	**(4,933)**	(6,003)
Share of profits less losses of associated companies		**(226)**	1,523
Profit before income tax		**100,451**	64,278
Income tax expense	7	**(20,196)**	(8,677)
Profit for the period		**80,255**	55,601

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (Continued)

FOR THE SIX MONTHS ENDED 30TH JUNE 2010

	Note	Unaudited Six months ended 30th June 2010 US$'000	2009 US$'000
Attributable to:			
Equity holders of the Company		**80,293**	54,652
Non-controlling interests		**(38)**	949
		80,255	55,601
Earnings per share for profit attributable to equity holders of the Company	8		
– Basic		**US3.57 cents**	US2.59 cents
– Diluted		**US3.37 cents**	US2.47 cents

The accompanying notes are an integral part of this condensed consolidated interim financial information.

	Note	2010 US$'000	2009 US$'000
Dividends	9	**17,828**	12,668

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE 2010

	Unaudited Six months ended 30th June	
	2010	2009
	US$'000	US$'000
Profit for the period	80,255	55,601
Other comprehensive (expense)/income		
Fair value (losses)/gains on available-for-sale financial assets	(411)	567
Exchange differences	(2,926)	2,682
Other comprehensive (expense)/income for the period	(3,337)	3,249
Total comprehensive income for the period	76,918	58,850
Attributable to:		
– Equity holders of the Company	76,956	57,901
– Non-controlling interests	(38)	949
	76,918	58,850

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30TH JUNE 2010

	Note	**Unaudited 30th June 2010 US$'000**	Audited 31st December 2009 US$'000
Assets			
Non-current assets			
Intangible assets	10	**406,385**	408,045
Property, plant and equipment	10	**404,822**	366,845
Land use rights	10	**19,010**	23,797
Investment properties	10	**26,470**	11,899
Interests in associated companies		**27,129**	18,006
Available-for-sale financial assets		**2,080**	3,177
Deferred income tax assets		**10,392**	11,690
		896,288	843,459
Current assets			
Inventories		**1,699,581**	856,213
Trade receivables	11	**2,040,053**	1,881,460
Deposits, prepayments and other receivables		**347,401**	280,885
Financial assets at fair value through profit or loss		**2,558**	2,920
Current income tax recoverable		**2,257**	657
Derivative financial instruments		**49,342**	18,832
Pledged bank deposit		**1,217**	–
Cash and cash equivalents		**229,479**	270,438
		4,371,888	3,311,405
Total assets		**5,268,176**	4,154,864

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (Continued)
AS AT 30TH JUNE 2010

	Note	Unaudited 30th June 2010 US$'000	Audited 31st December 2009 US$'000
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	23,458	21,112
Other reserves		1,669,255	1,454,913
Proposed dividend		17,828	29,558
		1,710,541	1,505,583
Non-controlling interests		13,001	2,039
Total equity		1,723,542	1,507,622
Liabilities			
Non-current liabilities			
Borrowings	13	–	6,124
Pension obligations		5,061	5,061
Other payables and accruals		24,616	28,759
		29,677	39,944
Current liabilities			
Trade payables	14	2,744,477	1,931,721
Other payables and accruals		420,044	367,299
Current income tax liabilities		10,155	14,220
Warranty provisions	15	71,080	67,272
Derivative financial instruments		15,266	17,574
Borrowings	13	253,935	209,212
		3,514,957	2,607,298
Total liabilities		3,544,634	2,647,242
Total equity and liabilities		5,268,176	4,154,864
Net current assets		856,931	704,107
Total assets less current liabilities		1,753,219	1,547,566

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE 2010

	Unaudited														
	Attributable to equity holders of the Company														
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Share redemption reserve US$'000	Employee share-based compensation reserve US$'000	Exchange reserve US$'000	Reserve fund US$'000	Merger difference US$'000	Available-for-sale financial assets fair value reserve US$'000	Assets revaluation surplus US$'000	Convertible bonds US$'000	Other reserves US$000	Retained profits US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1st January 2010	21,112	604,764	68,202	12	10,088	10,447	52,935	10,001	200	5,308	58,271	(9,423)	673,666	2,039	1,507,622
Comprehensive income:															
Profit/(loss) for the period	–	–	–	–	–	–	–	–	–	–	–	–	80,293	(38)	80,255
Other comprehensive expense:															
Fair value loss on available-for-sale financial assets	–	–	–	–	–	–	–	–	(411)	–	–	–	–	–	(411)
Exchange differences	–	–	–	–	–	(2,926)	–	–	–	–	–	–	–	–	(2,926)
Total comprehensive (expense)/income for the period ended 30th June 2010	–	–	–	–	–	(2,926)	–	–	(411)	–	–	–	80,293	(38)	76,918
Employee share option scheme:															
– Employee share-based compensation benefits	–	–	–	–	423	–	–	–	–	–	–	–	–	–	423
Issuance of new shares	2,346	154,791	–	–	–	–	–	–	–	–	–	–	–	–	157,137
Formation of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	11,000	11,000
2009 final dividend paid	–	–	–	–	–	–	–	–	–	–	–	–	(29,558)	–	(29,558)
Balance at 30th June 2010	23,458	759,555	68,202	12	10,511	7,521	52,935	10,001	(211)	5,308	58,271	(9,423)	724,401	13,001	1,723,542
Represented by:															
Reserves													706,573		
Proposed interim dividend													17,828		
Balance at 30th June 2010													724,401		

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30TH JUNE 2009

	Unaudited														
	Attributable to equity holders of the Company														
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Share redemption reserve US$'000	Employee share-based compensation reserve US$'000	Exchange reserve US$'000	Reserve fund US$'000	Merger difference US$'000	Available-for-sale financial assets fair value reserve US$'000	Assets revaluation surplus US$'000	Convertible bonds US$'000	Other reserves US$000	Retained profits US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1st January 2009	21,112	604,764	68,202	12	8,513	3,463	52,935	10,001	(3,210)	5,308	58,271	(9,423)	555,676	776	1,376,400
Comprehensive income:															
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	–	54,652	949	55,601
Other comprehensive income:															
Fair value gain on available-for-sale financial assets	–		–	–	–	–	–	–	567	–	–	–	–	–	567
Exchange differences	–	–	–	–	–	2,682	–	–	–	–	–	–	–	–	2,682
Total comprehensive income for the period ended 30th June 2009	–	–	–	–	–	2,682	–	–	567	–	–	–	54,652	949	58,850
Employee share option scheme:															
– Employee share-based compensation benefits	–	–	–	–	778	–	–	–	–	–	–	–	–	–	778
2008 final dividend paid	–	–	–	–	–	–	–	–	–	–	–	–	(10,556)	–	(10,556)
Balance at 30th June 2009	21,112	604,764	68,202	12	9,291	6,145	52,935	10,001	(2,643)	5,308	58,271	(9,423)	599,772	1,725	1,425,472
Represented by:															
Reserves													587,104		
Proposed interim dividend													12,668		
Balance at 30th June 2009													599,772		

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH JUNE 2010

	Note	Unaudited Six months ended 30th June 2010 US$'000	 2009 US$'000
Net cash (used in)/generated from operations		(77,827)	634,155
Interest paid		(4,273)	(6,279)
Overseas income tax paid		(24,563)	(3,709)
Net cash (used in)/generated from operating activities		(106,663)	624,167
Cash flows from investing activities:			
– Proceeds from disposals of property, plant and equipment		339	2,415
– Proceeds from disposals of investment properties		–	3,622
– Purchase of property, plant and equipment	10	(97,228)	(48,195)
– Investments in associated companies		(14,810)	–
– Acquisition of a business operations		–	(8,100)
– Dividend from an associated company		5,461	–
– Other investing cash flows – net		1,736	1,369
Net cash used in investing activities		(104,502)	(48,889)

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (Continued)

FOR THE SIX MONTHS ENDED 30TH JUNE 2010

	Note	Unaudited Six months ended 30th June 2010 US$'000	 2009 US$'000
Cash flows from financing activities:			
– Dividends paid		**(29,558)**	(10,556)
– Inception of long–term bank borrowing		**–**	6,124
– Net inception/(repayments) of short–term bank borrowings		**36,203**	(255,991)
– Payment for derivative financial instruments		**(1,500)**	–
– Increase in pledged bank deposit		**(1,217)**	–
– Proceeds from issuance of new shares	12	**157,137**	–
– Non-controlling interests' contribution to new subsidiaries		**11,000**	–
Net cash generated from/(used in) financing activities		**172,065**	(260,423)
Net (decrease)/increase in cash and cash equivalents		**(39,100)**	314,855
Cash and cash equivalents at beginning of the period		**270,438**	171,066
Effect of foreign exchange rate changes		**(1,859)**	(1,922)
Cash and cash equivalents at end of the period		**229,479**	483,999
Analysis of cash and cash equivalents:			
Bank balances and cash		**229,479**	483,999

The accompanying notes are an integral part of this condensed consolidated interim financial information.

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 (the "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 Exchange and secondarily listed on Singapore Exchange Limited.

This condensed consolidated interim financial information is presented in US dollars, unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 26th August 2010.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th June 2010 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting' issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st December 2009, as described in the annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) The following revised standard is mandatory for the first time for the financial year beginning on 1st January 2010.

HKAS 27 (Revised), 'Consolidated and separate financial statements'. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and the resulting gain or loss is recognized in the income statement.

The adoption of this revised standard had no material financial effect on the Group's result and financial position for the current or prior periods.

3 Accounting policies (Continued)

(b) The following revised standards, amendments and interpretations to existing standards are effective for accounting periods commencing on or after 1st January 2010, but are not currently relevant to the Group.

HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distribution of Non-cash Asset of Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009

The adoption of these revised standards, amendments and interpretations had no material effect on the preparation and presentation of the results and financial position of the Group for the current or prior accounting periods.

3 Accounting policies (Continued)

(c) The following new/revised standards and amendments to standards have been issued but are not effective for the financial year beginning 1st January 2010 and have not been early adopted.

The Group had not early adopted the following new/revised standards and amendments to standards that have been issued but not yet effective in these condensed consolidated interim accounts.

		Effective for accounting periods beginning on or after
HKAS 24 (Revised)	Related Party Disclosures	1st January 2011
HKAS 32 (Amendment)	Classification of Rights Issues	1st February 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters	1st July 2010
HKFRS 9	Financial Instruments	1st January 2013
HK(IFRIC) – Int 4 (Amendment)	Prepayments of a Minimum Funding Requirement	1st January 2011
HK(IFRIC) – Int 19 (Amendment)	Extinguishing Financial Liabilities with Equity Instruments	1st July 2010
HKFRSs (Amendments)	Improvements to HKFRSs 2010	1st July 2010 and 1st January 2011, as appropriate

The directors of the Company anticipate that the application of the above new/revised standards and amendments to standards may result in new or amended presentation and disclosures on the accounts but will have no significant impact on the Group's results and financial position.

4 Segment information

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 operating 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 operating segments.

The Group is organized on a worldwide basis into two main operating segments. They are (i) Monitors; and (ii) TVs.

Others mainly comprise the sales of chassis, spare parts, CKD/SKD and other general corporate items.

The Group's chief operating decision-maker assesses the performance of the operating segments based on a measure of adjusted operating profit. Export incentives received, fiscal refund received, localization incentives received, other gains – net, finance income, finance costs and share of profits less losses of associated companies are not included in the result for each operating segment that is reviewed by the Group's chief operating decision-maker.

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

Segment assets consist primarily of intangible assets, property, plant and equipment, land use rights, inventories, trade receivables and deposits and prepayments and other receivables. They exclude investment properties, interests in associated companies, available-for-sale financial assets, deferred income tax assets, financial assets at fair value through profit or loss, current income tax recoverable, derivative financial instruments, pledged bank deposit and cash and cash equivalents, which are managed on a central basis. These are included in the reconciliation to total balance sheet assets.

Segment liabilities mainly comprise trade payables, other payables and accruals and warranty provisions. They exclude borrowings, current income tax liabilities and derivative financial instruments, which are managed on a central basis. These are included in the reconciliation to total balance sheet liabilities.

4 Segment information (Continued)

The segment results for the six months ended 30th June 2010 are as follows:

	For the six months ended 30th June 2010			
	Monitors US$'000	TVs US$'000	Others US$'000	Total US$'000
Revenue from external customers	3,120,618	1,837,632	490,535	5,448,785
Cost of goods sold	(2,922,942)	(1,746,411)	(479,069)	(5,148,422)
Other income excluding export incentives received and fiscal refund received	2,761	1,625	433	4,819
Operating expenses	(125,916)	(76,265)	(6,874)	(209,055)
Adjusted operating profit	74,521	16,581	5,025	96,127
Depreciation of property, plant and equipment	18,262	28,106	1,396	47,764
Amortization of land use rights	–	–	230	230
Amortization of intangible assets	–	–	1,660	1,660

4 Segment information (Continued)

The segment results for the six months ended 30th June 2009 are as follows:

	For the six months ended 30th June 2009			
	Monitors	TVs	Others	Total
	US$'000	US$'000	US$'000	US$'000
Revenue from external customers	2,148,139	866,424	81,636	3,096,199
Cost of goods sold	(2,024,928)	(815,599)	(79,819)	(2,920,346)
Other income excluding export incentives received and fiscal refund received	3,003	1,211	115	4,329
Operating expenses	(80,228)	(32,447)	(1,272)	(113,947)
Adjusted operating profit	45,986	19,589	660	66,235
Depreciation of property, plant and equipment	26,978	12,635	203	39,816
Amortization of land use rights	–	–	140	140
Amortization of intangible assets	–	–	294	294

4 Segment information (Continued)

The segment assets and liabilities at 30th June 2010 are as follows:

	Monitors US$'000	TVs US$'000	Others US$'000	Total US$'000
Segment assets	**2,680,728**	**1,917,410**	**319,114**	**4,917,252**
Segment liabilities	**(2,055,700)**	**(1,147,979)**	**(61,599)**	**(3,265,278)**

The segment assets and liabilities at 31st December 2009 are as follows:

	Monitors US$'000	TVs US$'000	Others US$'000	Total US$'000
Segment assets	2,459,232	1,313,473	44,540	3,817,245
Segment liabilities	(1,672,712)	(722,338)	(5,062)	(2,400,112)

A reconciliation of adjusted operating profit for reportable segments to total profit before income tax is provided as follows:

	Six months ended 30 June	
	2010 US$'000	2009 US$'000
Adjusted operating profit for reportable segments	**96,127**	66,235
Export incentives received	**6,732**	1,413
Fiscal refund received	**2,751**	1,110
Operating profit	**105,610**	68,758
Finance income	**1,736**	1,885
Finance costs	**(6,669)**	(7,888)
Share of profits less losses of associated companies	**(226)**	1,523
Profit before income tax	**100,451**	64,278

4 Segment information (Continued)

A reconciliation of segment assets to total assets is provided as follows:

	30th June 2010 US$'000	31st December 2009 US$'000
Segment assets	4,917,252	3,817,245
Investment properties	26,470	11,899
Interests in associated companies	27,129	18,006
Available-for-sale financial assets	2,080	3,177
Deferred income tax assets	10,392	11,690
Financial assets at fair value through profit or loss	2,558	2,920
Current income tax recoverable	2,257	657
Derivative financial instruments	49,342	18,832
Pledged bank deposit	1,217	–
Cash and cash equivalents	229,479	270,438
Total assets	5,268,176	4,154,864

A reconciliation of segment liabilities to total liabilities is provided as follows:

	30th June 2010 US$'000	31st December 2009 US$'000
Segment liabilities	3,265,278	2,400,112
Current income tax liabilities	10,155	14,220
Derivative financial instruments	15,266	17,574
Borrowings	253,935	215,336
Total liabilities	3,544,634	2,647,242

4 Segment information (Continued)

The Group is domiciled in the PRC. The result of its revenue from external customers in the PRC for the six months ended 30th June 2010 is US$1,667,554,000 (for the six months ended 30th June 2009: US$1,027,665,000), and the total of its revenue from external customers from other countries is US$3,781,231,000 (for the six months ended 30th June 2009: US$2,068,534,000).

At 30th June 2010, the total of non-current assets other than financial instruments and deferred income tax assets located in the PRC is US$350,506,000 (at 31st December 2009: US$297,504,000), and the total of these non-current assets located in other countries is US$533,310,000 (at 31st December 2009: US$531,088,000).

For the six months ended 30th June 2010, revenues of approximately US$543,396,000 (for the six months ended 30th June 2009: US$341,059,000) are derived from a single external customer. These revenues are attributable to the sales of monitors, TVs and others.

5 Operating profit

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

	Six months ended 30th June 2010 US$'000	2009 US$'000
Net exchange (losses)/gains	**(28,012)**	28,235
Realized and unrealized gains/(losses) on foreign exchange forward contracts – net	**52,122**	(14,122)
Realized and unrealized gains on interest rate swaps – net	**1,137**	9,274
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(362)**	33
Reversal of provision/(provision) for impairment of trade receivables	**768**	(15)
(Write-down)/reversal of write-down of inventories to net realizable value	**(10,469)**	1,051
Employee benefit expense (including directors' emoluments)	**(145,488)**	(100,256)
Depreciation of property, plant and equipment	**(47,764)**	(39,816)
Amortization of land use rights	**(230)**	(140)
Amortization of intangible assets	**(1,660)**	(294)
Loss on disposal of property, plant and equipment	**(76)**	(874)
Loss on disposal of investment properties	**–**	(744)
Impairment losses on available-for-sale financial assets	**(686)**	(82)
Provision for warranty (Note 15)	**(31,273)**	(25,446)

6 Finance costs – net

	Six months ended 30th June	
	2010	2009
	US$'000	US$'000
Interest expense on bank borrowings wholly repayable within five years	**747**	2,773
Interest expense on convertible bonds wholly repayable within five years (Note 13)	**5,922**	5,115
	6,669	7,888
Interest income on short-term bank deposits	**(1,736)**	(1,885)
Finance costs – net	**4,933**	6,003

No borrowing costs were capitalized during the six months ended 30th June 2010 and 2009.

7 Income tax

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 2010 (six months ended 30th June 2009: Nil).

Taxation on overseas profits has been calculated on the estimated assessable profits for the six months ended 30th June 2010 at the rates of taxation prevailing in the countries/places in which the Group operates.

7 Income tax (Continued)

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

	Six months ended 30th June	
	2010	2009
	US$'000	US$'000
Current income tax – Overseas taxation	**18,898**	6,313
Deferred income tax expense	**1,298**	2,364
Income tax expense	**20,196**	8,677

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	
	2010	2009
Profit attributable to equity holders of the Company (US$'000)	**80,293**	54,652
Weighted average number of ordinary shares in issue (thousands)	**2,248,633**	2,111,253
Basic earnings per share (US cents per share)	**3.57**	2.59

8 Earnings per share (Continued)

(b) Diluted

Diluted earnings per share is calculated by 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. 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.

	Six months ended 30th June	
	2010	2009
Profit attributable to equity holders of the Company (US$'000)	**80,293**	54,652
Interest expense on convertible bonds (US$'000)	**5,922**	5,115
Profit used to determine diluted earnings per share (US$'000)	**86,215**	59,767
Weighted average number of ordinary shares in issue (thousands)	**2,248,633**	2,111,253
Adjustments for		
– assumed conversion of convertible bonds (thousands)	**313,289**	313,289
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**2,561,922**	2,424,542
Diluted earnings per share (US cents per share)	**3.37**	2.47

9 Dividends

	Six months ended 30th June	
	2010	2009
	US$'000	US$'000
Interim, proposed, of US0.76 cent (2009: US0.60 cent) per ordinary share	**17,828**	12,668

The directors declared on 26th August 2010 an interim dividend of US$0.76 cent per share (2009: US0.60 cent) 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 2010.

10 Capital expenditure

	Property, plant and equipment US$'000	Land use rights US$'000	Investment properties US$'000	Intangible assets Goodwill US$'000	Intangible assets Trademarks US$'000	Intangible assets Total US$'000
Six months ended 30th June 2010						
Opening net book amount at 1st January 2010	366,845	23,797	11,899	389,098	18,947	408,045
Exchange differences	(1,076)	18	–	–	–	–
Additions	97,228	–	–	–	–	–
Disposals	(415)	–	–	–	–	–
Reclassification	3,760	(3,760)	–	–	–	–
Transfers	(13,756)	(815)	14,571	–	–	–
Depreciation and amortization	(47,764)	(230)	–	–	(1,660)	(1,660)
Closing net book amount at 30th June 2010	404,822	19,010	26,470	389,098	17,287	406,385
Six months ended 30th June 2009						
Opening net book amount at 1st January 2009	334,844	16,000	15,912	389,098	268	389,366
Exchange differences	4,601	–	–	–	–	–
Additions	48,195	–	–	–	–	–
Acquisition of a business operation	–	–	–	–	20,600	20,600
Disposals	(3,289)	–	(4,366)	–	–	–
Depreciation and amortization	(39,816)	(140)	–	–	(294)	(294)
Closing net book amount at 30th June 2009	344,535	15,860	11,546	389,098	20,574	409,672

11 Trade receivables

	30th June 2010 US$'000	31st December 2009 US$'000
Trade receivables	2,042,431	1,884,606
Less: provision for impairment of receivables	(2,378)	(3,146)
Trade receivables – net	2,040,053	1,881,460

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 2010 and 31st December 2009, the ageing analysis of trade receivables is as follows:

	30th June 2010 US$'000	31st December 2009 US$'000
0–30 days	1,040,915	917,450
31–60 days	643,131	658,962
61–90 days	274,726	265,446
91–120 days	70,830	32,942
Over 120 days	12,829	9,806
	2,042,431	1,884,606

12 Share capital

	30th June 2010 US$'000	31st December 2009 US$'000
Authorized:		
4,000,000,000 ordinary shares of US$0.01 each	40,000	40,000
Issued and fully paid:		
2,345,836,139 (2009: 2,111,252,525) ordinary shares of US$0.01 each	23,458	21,112

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

	2010		2009	
	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 1st January	2,111,252,525	21,112	2,111,252,525	21,112
Issue of new shares (Note)	234,583,614	2,346	–	–
Closing balance at 30th June	2,345,836,139	23,458	2,111,252,525	21,112

Note: The Company issued 234,583,614 shares of HK$5.20 each, totalling US$157,137,000, on 16th March 2010 to Mitsui.

12 Share capital (Continued)

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 2010	Exercised during the period	Lapsed during the period	At 30th June 2010
12th December 2007	**HK$5.75**	**21,358,026**	**–**	**(470,000)**	**20,888,026**

For the six months ended 30th June 2010, 470,000 share options (six months ended 30th June 2009: 63,041,800) were lapsed as a result of the cessation of employment of certain employees.

13 Borrowings

	30th June 2010 US$'000	31st December 2009 US$'000
Non-current		
Bank borrowings	**–**	6,124
Current		
Bank borrowings	**42,327**	–
Convertible bonds	**211,608**	209,212
	253,935	209,212
Total borrowings	**253,935**	215,336

13 Borrowings (Continued)

Movements in borrowings are analysed as follows:

	US$'000
Six months ended 30th June 2010	
Opening amount at 1st January 2010	**215,336**
Net inceptions of borrowings	**36,203**
Convertible bonds – liability component	**2,396**
Closing amount at 30th June 2010	**253,935**
Six months ended 30th June 2009	
Opening amount at 1st January 2009	603,255
Net repayments of borrowings	(249,867)
Convertible bonds – liability component	1,609
Closing amount at 30th June 2009	354,997

The carrying amounts of 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 Philips on 5th September 2005 as part of the purchase consideration for a business combination.

The bonds mature five years from the issue date at their principal amount of US$211 million and 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.

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 are calculated as follows:

	Six months ended 30th June	
	2010	2009
	US$'000	US$'000
Equity component	**58,271**	58,271
Liability component		
At 1st January	**209,212**	206,015
Interest expense (Note 6)	**5,922**	5,115
Interest paid	**(3,526)**	(3,506)
At 30th June	**211,608**	207,624

The fair value of the liability component of the convertible bonds as at 30th June 2010 amounted to US$211,804,000 (31st December 2009: US$207,183,000). The fair value was calculated by using cash flows discounted at a rate of 5.80% (31st December 2009: 7.42%) per annum.

14 Trade payables

As of 30th June 2010 and 31st December 2009, the ageing analysis of trade payables is as follows:

	30th June 2010 US$'000	31st December 2009 US$'000
0–30 days	**1,333,592**	864,112
31–60 days	**869,341**	609,572
61–90 days	**285,384**	237,108
Over 90 days	**256,160**	220,929
	2,744,477	1,931,721

The carrying amounts of trade payables approximate their fair values.

15 Warranty provisions

	2010 US$'000	2009 US$'000
At 1st January	**67,272**	56,945
Charged to the income statement (Note 5)	**31,273**	25,446
Utilized during the period	**(27,465)**	(23,264)
At 30th June	**71,080**	59,127

The Group gives warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily within a period ranging from twelve months to thirty-six months. The provision as of 30th June 2010 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 of the balance sheet date.

16 Corporate guarantees

	30th June 2010 US$'000	31st December 2009 US$'000
Guarantees in respect of banking facilities granted to an associated company	**3,000**	3,000

17 Contingent liabilities

(a) In January 2007, 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 claims damages related to alleged infringement of a US Patent in respect of technology to decode Program Map Information in the Digital TVs ("Patent I").

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 I 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 I; 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 and that an appropriate amount of provision has been made, if any.

17 Contingent liabilities (Continued)

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

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 I; 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 I; 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 although the Enforcement Proceeding is still ongoing before the U.S. International Trade Commission, on 26th May 2010 the U.S. Court of Appeals for the Federal Circuit has reversed an earlier decision made by the U.S. International Trade Commission and rules in favour of the Group. The directors consider that its future settlement may not have any material financial impact on the Group as a whole and that an appropriate amount of provision has been made, if any.

17 Contingent liabilities (Continued)

(c) In December 2008, a third party company filed a complaint in the United States of America against the Group, one of its associated companies and other third party companies. The complaint concerns claims of damages related to alleged infringement of certain patents in respect of technology of the manufacture of computer monitor ("Patent II").

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

(i) they manufacture, assemble, service, including unlicensed monitors, and sell those products through the United States of America, and know, expect, and intend that the products, including unlicensed monitors, will be sold in the market of the United States of America.

(ii) as a consequence of the infringement, the plaintiff has been damaged and would continue to sustain damages unless the court issues an injunction, enjoining them from further infringement of said patents.

The directors are of the opinion that while the proceedings are still ongoing, it is not probable to assess the outcome of the case 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 and that an appropriate amount of provision has been made, if any.

17 Contingent liabilities (Continued)

(d) In January 2009, a third party company filed a complaint in Germany against the Group, one of its associated companies and other third party companies. The complaint concerns claims of damages related to alleged infringement of certain patents in respect of technology of the manufacture of computer monitor ("Patent III").

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

(i) they had infringed, actively induced, contributed to the infringement of Patent III by making, using, causing to be used, offering to sell, selling, causing to be sold, importing and/or causing to be imported monitors in Germany; 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 the proceedings are still ongoing, it is not probable to assess the outcome of the investigation for the case 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 and that an appropriate amount of provision has been made, if any.

17 Contingent liabilities (Continued)

(e) In October 2009, 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 manufacture of digital televisions and monitors ("Patent IV").

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

(i) they manufacture, assemble, service, including unlicensed digital televisions and monitors, and sell those products through the United States of America, and know, expect, and intend that the products, including unlicensed digital televisions and monitors, will be sold in the market of the United States of America.

(ii) as a consequence of the infringement, the plaintiff has been damaged and would continue to sustain damages unless the court issues an injunction, enjoining them from further infringement of said patents.

On 26th July 2010, the case is resolved through settlement among the parties, and the parties are currently moving to dismiss the proceedings. The directors consider that the settlement does not have any material financial impact on the Group as a whole.

17 Contingent liabilities (Continued)

(f) In November 2009, a third party company filed a complaint in the United States of America against the Group and certain other third party companies. The complaint concerns claims of damages related to indemnification arising out of alleged infringement of certain patents in respect of technology of the manufacture of computer monitors.

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

(i) the Group is a merchant regularly dealing in goods of the kind of accused products and has breached its warranty of title and freedom from a claim of patent in the United States of America.

(ii) the third party company is entitled to indemnification from the Group for any liabilities it incurs, including reasonable attorneys' fees, settlement amount or any awarded damage.

The directors are of the opinion that while the proceedings are still ongoing, it is not probable to assess the outcome of the case 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 and that an appropriate amount of provision has been made, if any.

17 Contingent liabilities (Continued)

(g) In April 2010, in light of threatened claim for infringement of patents, the Group and one of its associated companies filed a complaint in the United States of America against three third party companies. Under this complaint, they seek a judicial declaration from the court that they have not infringed the patents of certain digital television technologies ("Patent V") and/or the Patent V are invalid and unenforceable.

The directors are of the opinion that while the complaint is not served yet, it is not probable to assess the outcome of the case 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 and that an appropriate amount of provision has been made, if any.

(h) In April 2010, the U.S. International Trade Commission instituted an investigation based on a complaint filed by a third party company against the Group, one of its associated companies and other third party companies. The claims of the complaint related to alleged infringement of Patent IV.

On 26th July 2010, the case is resolved through settlement among the parties, and the parties are currently moving to terminate the investigation. The directors consider that the settlement does not have any material financial impact on the Group as a whole.

18 Commitments

(a) Capital commitments

	30th June 2010 US$'000	31st December 2009 US$'000
Capital commitments for plant and equipment		
– Contracted but not provided for	18,894	16,961
Capital commitments for investments in a jointly controlled entity and associated companies		
– Contracted but not provided for	52,800	51,325

(b) Commitments under operating leases

As at 30th June 2010, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	30th June 2010 US$'000	31st December 2009 US$'000
Not later than one year	4,841	7,085
Later than one year and not later than five years	12,547	11,427
Later than five years	8,772	12,085
	26,160	30,597

18 Commitments (Continued)

(c) Future operating lease receivable arrangements

As at 30th June 2010, the Group's future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	30th June 2010 US$'000	31st December 2009 US$'000
Not later than one year	1,562	1,277
Later than one year and not later than five years	3,898	408
	5,460	1,685

19 Related party transactions

As at 30th June 2010, the major shareholders of the Company are CEC, Mitsui and CMI, which owned 35.06%, 15.05% and 6.42% of the Company's issued shares respectively.

(a) Significant transactions with related parties

During the six months ended 30th June 2010 and 2009, the Group had the following significant transactions with its associated companies and its substantial shareholders, CEC, Mitsui, CMI and Philips.

19 Related party transactions (Continued)

(a) Significant transactions with related parties (Continued)

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

	Six months ended 30th June	
	2010	2009
	US$'000	US$'000
Sales of finished goods to associated companies	**322,879**	290,639
Sales of finished goods to CEC and its subsidiaries	**151**	–
Sales of finished goods to Mitsui (Note (i))	**178,616**	–
Sales of finished goods to Philips and its subsidiaries (Note (ii))	**171,949**	145,157
Sales of finished goods to CMI and its subsidiaries	**–**	403
Purchases of raw materials from associated companies	**(718)**	–
Purchases of raw materials from Mitsui (Note (i))	**(202,688)**	–
Purchases of raw materials from Philips and its subsidiaries (Note (ii))	**(106,018)**	(26,711)
Purchases of raw materials from CMI and its subsidiaries	**(510,480)**	(408,928)
Commission paid to an associated company	**(216)**	(1,541)
Royalty paid to Philips and its subsidiaries	**–**	(575)
Rental income from an associated company	**604**	503

Notes:

(i) Mitsui has become a shareholder of the Company since 16th March 2010.

(ii) Philips has ceased to be a substantial shareholder of the Company since 9th March 2010.

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

19 Related party transactions (Continued)

(b) Key management compensation

	Six months ended 30th June 2010 US$'000	2009 US$'000
Salaries and other short-term employee benefits	572	421
Share-based payments	20	–
	592	421

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

	30th June 2010 US$'000	31st December 2009 US$'000
Receivables from related parties:		
Associated companies (Note (i))	204,122	169,456
Receivable from substantial shareholders and their subsidiaries (Note (ii))	48,695	224,782
Payables to related parties:		
Associated companies (Note (i))	718	–
Payable to substantial shareholders and their subsidiaries (Note (iii))	229,002	235,532

19 Related party transactions (Continued)

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

Notes:

(i) Receivables from and payables to associated companies were presented in the condensed consolidated interim balance sheet within trade receivables and trade payables, respectively.

(ii) Receivables from substantial shareholders and their subsidiaries of US$48,695,000 (2009: US$224,782,000) were presented in the condensed consolidated interim balance sheet within trade receivables.

(iii) Payables to substantial shareholders and their subsidiaries of US$229,002,000 (2009: US$231,532,000) and Nil (2009: US$4,000,000) were presented in the condensed consolidated interim balance sheet within trade payables and other payables and accruals respectively.

20 Events after the balance sheet date

Subsequent to the six months period ended 30th June 2010, there are two litigations against the Group as follows:

(a) In July 2010, a third party company filed a complaint in the United States of America against the Group.

The complaint concerns claims of compensation related to indemnity obligations as provided in a agreement between the parties.

The directors are of the opinion that while the complaint is not served yet, it is not probable to assess the outcome of the case 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.

20 Events after the balance sheet date (Continued)

(b) In July 2010, a third party company filed a complaint in the United States of America against the Group, one of its associated company and another third party company.

The complaint concerns claims of damages related to alleged infringement of certain patents in respect of technology of the manufacture of certain televisions ("Patent VI").

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

(i) they have been infringing and continue to infringe the Patent VI, and contributing to and actively inducing the infringement of Patent VI by others in the United States of America.

(ii) as a consequence of the infringement, the plaintiff has been damaged and will continue to sustain damages unless the court enjoins them from further infringement of Patent VI.

The directors are of the opinion that while the complaint is not served yet, it is not probable to assess the outcome of the case 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.

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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