THE RIGHT EQUATION

TPV TECHNOLOGY LIMITED 冠 捷 科 技 有 限 公 司 (Incorporated in Bermuda with limited liability)

INTERIM REPORT 2011

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, and acquired licensing rights to sell Philips' brand name monitors globally and TVs in China. 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.

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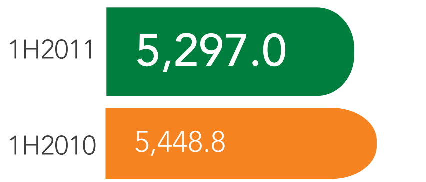
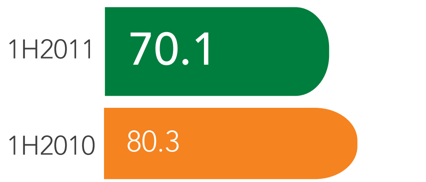
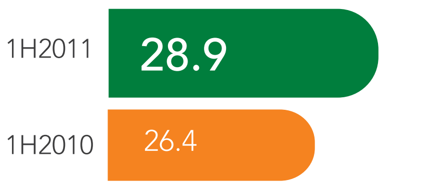
FINANCIAL HIGHLIGHTS



REVENUE
(US$ Million)



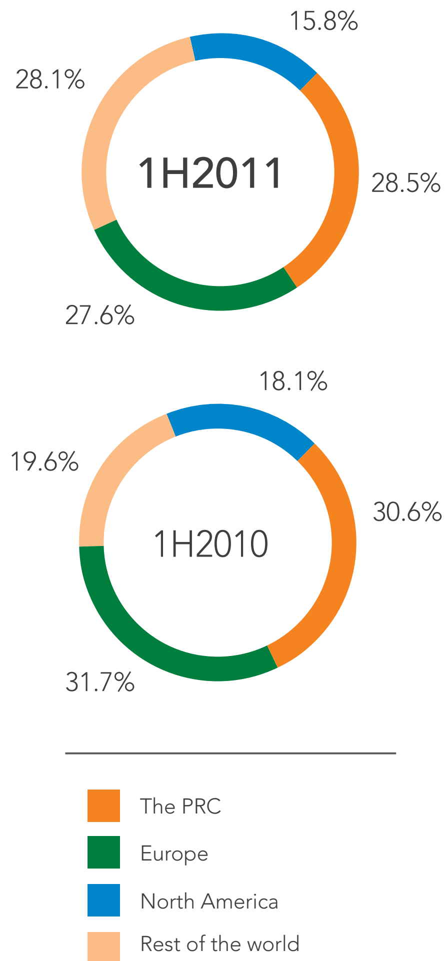
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(US$ Million)



PC MONITORS
(Million Units)

LCD TVs
(Million Units)

CONTRIBUTION BY GEOGRAPHICAL MARKET



BUSINESS REVIEW

The first half of 2011 saw the world's developed economies recovering more slowly than previously expected. The tragic earthquake and tsunami in Japan, the prolonged and increasingly widespread sovereign debt crisis in Europe and persistently high unemployment figures in the US triggered fears of another global recession and erased the optimism that we saw at the beginning of the year. Meanwhile, the inflation rate rose to worrying levels in many Asian countries. These negative developments have unnerved consumers and prompted them to reduce their spending.

It was a challenging period for the TFT-LCD industry. Panel makers were obliged to cut back production in order to support their prices, as lacklustre economic conditions weakened global demand for LCD TVs in the second quarter of 2011. Shipments of these to the US during the first six months of the year remained at the same level as the corresponding period of 2010, whereas demand in Western Europe fell by 10.3 percent. However, this was offset by the growth in demand from emerging markets, such as China. Overall, global sales of LCD TVs in the first half grew by 9.5 percent year-on-year to 90.2 million units. At the same time, the penetration rate of LED-backlit LCD TVs continued to grow, and they accounted for almost 40 percent of the total shipments from January to June 2011.

The macro-economic headwinds buffeted the PC monitor segment as well. A total of 85.1 million units were shipped in the first half of the year, 0.6 percent fewer than in the same period of 2010. The popularity of LED-backlit monitors rose, and their penetration rate grew from 14.5 percent in the second half of 2010 to over 30 percent in the first half of 2011.

Company Performance

Affected by these adverse conditions, TPV recorded consolidated revenue of US$5.3 billion during the first six months, which was 2.8 percent less than the US$5.4 billion it achieved in the same period a year earlier. Meanwhile, profit attributable to owners of the Company declined by 12.7 percent to US$70.1 million, compared to US$80.3 million in the corresponding months of 2010. Consequently, basic earnings per share fell 16.2 percent to US2.99 cents (1H 2010: US3.57 cents). However, the gross profit ("GP") margin improved to 6 percent, up from 5.5 percent a year earlier.

Despite the stagnant demand in the end market, TPV's PC monitor shipments rose by 9.5 percent year-on-year to 28.9 million units, as the Group continues to gain market share. The GP margin from this business segment also improved to 7.1 percent, compared to 6.3 percent a year earlier. On the other hand, declining panel prices caused average selling price ("ASP") of PC monitors to fall by 14 percent year-on-year, from US$118.10 to US$101.60. The segmental revenue was US$2.9 billion, equivalent to 55.5 percent of the Group's total revenue.

BUSINESS REVIEW (CONTINUED)

Company Performance (continued)

LCD TV shipments dipped by 3.9 percent to 6.1 million units, compared to 6.3 million units a year earlier. This was due to the weakness of two of its core markets, Europe and the US. The GP margin for LCD TV units was 4.9 percent, which was slightly lower than the 5 percent achieved last year but insufficient to cover the much higher operating expenses. The ASP was US$291.30, which was higher than last year's US$290.60, due to increased shipments of higher-priced LED-backlit models. The TV business revenue amounted to US$1.8 billion, equal to 33.4 percent of consolidated revenue.

In terms of geographical contributions, the China market accounted for US$1.5 billion or 28.5 percent of total revenue (1H 2010: 30.6 percent). Sales in Europe and North America declined to US$1.5 billion and US$834 million, while their respective contributions to consolidated revenue were 27.6 percent (1H 2010: 31.7 percent) and 15.8 percent (1H 2010: 18.1 percent). The contribution made by the rest of the world increased to US$1.5 billion or 28.1 percent (1H 2010: 19.6 percent), reflecting TPV's success in penetrating into the higher growth emerging markets.

During the period under review, TPV opened a manufacturing facility in St. Petersburg to serve the growing markets in Russia and neighbouring countries. This has an annual production capacity of around 2 million units and it delivered its first ODM order in April. In addition, a new production base in Beijing, China, began trial production in June this year.

To strengthen its LCD TV business further, the Group entered into a term-sheet with Philips to establish a joint venture to take over the research and development, manufacturing, sales and marketing of Philips TVs worldwide (except in China, India, the US, Canada, Mexico and certain South American countries). Due diligence about this has already been completed, and both sides are working on the business plan and contract details.

In addition, the Group committed to acquiring a parcel of land of 8,203 square meters in Shanghai at approximately US$44 million in August. The site will be developed into the Group's headquarters of its own brand business. Construction is scheduled to commence later this year.

PROSPECTS

The global economic outlook is quite opaque at the moment, and nobody can say with absolute certainty what is going to happen in the second half of the year. Fiscal problems in the US and Europe are likely to continue suppressing market demand, whereas ongoing inflation and mounting cost pressures could create challenges for emerging economies. Standard & Poor's downgrade of US credit rating in early August may well add to the market's uncertainties.

PROSPECTS (CONTINUED)

In the TFT-LCD industry, TV brands have become cautious about market demand in the second half, and they have adjusted their annual shipment targets downwards. DisplaySearch has also lowered its forecast for LCD TV shipments from 217 million units to 210 million units during the same period.

In response to these challenging trends in its business environment, TPV recently initiated a restructuring plan that will integrate its two business units and give it a functional organizational structure. This will improve the Group's cost structure and efficiency by centralizing its operations. TPV remains confident that the commitment it is now making to the future of its business will bear fruit when the market picks up.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30th June 2011, the Group's cash and bank balances (including pledged bank deposit) totaled US$233 million (31st December 2010: US$186.7 million). Credit facilities secured from banks totaled US$3.9 billion (31st December 2010: US$3.9 billion), of which US$1.2 billion were utilized (31st December 2010: US$1.5 billion).

The Group issued a RMB500 million note at the rate of 4.25 percent per annum in late March 2011 to strengthen its capital structure. Proceeds from the bond have been used to finance its capital expenditure and general working capital purpose in the PRC.

Except for the note payable, all borrowings were at floating rate. The maturity profile of our borrowings and loan as of 30th June 2011 was as follows:

Duration	30th June 2011 US$'000	31st December 2010 US$'000
Within one year	241,902	427,533
Between two to five years	77,280	–
	319,182	427,533

During the six months ended 30th June 2011, inventory turnover days increased to 48.7 days from 35.8 days for the year ended 31st December 2010. Trade receivable and payable turnover days lengthened to 70 days (31st December 2010: 63.9 days) and 80.1 days (31st December 2010: 69.1 days) respectively.

The Group's gearing ratio, representing the ratio of total borrowings to total assets, lowered to 6.5 percent as compared to 9.2 percent at the end of 2010. Current ratio was at a healthy 131.3 percent (31st December 2010: 126.1 percent).

FOREIGN EXCHANGE RISK

As at 30th June 2011, the total notional principal amounts of the outstanding foreign exchange forward contracts were as follows:

	30th June 2011 US$'000	31st December 2010 US$'000
Sell Renminbi for US dollars	2,434,762	3,678,641
Sell US dollars for Renminbi	2,494,000	3,266,000
Sell Japanese Yen for US dollars	4,550	56,900
Sell Euros for US dollars	163,096	208,254
Sell Brazilian Real for US dollars	71,900	49,800
Sell Indian Rupee for US dollars	16,000	11,000
Sell British Pounds for US dollars	816	7,077
Sell US dollars for Russian Ruble	–	765
Sell US dollars for New Taiwan Dollars	8,000	17,000

WORKFORCE

As at 30th June 2011, TPV employed 34,863 people (31st December 2010: 37,473 people) worldwide. All employees were remunerated in accordance with industry practice in locations where they worked. The Group provides training to staff members, and encourage them to engage in lifelong learning and self-development, thus ensuring our competitiveness in an ever-changing market environment. The Group has also adopted a share option scheme to grant share options to employees, at management discretion, as recognition to their outstanding performance.

DIRECTORS' INTERESTS

As at 30th June 2011, 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 Appendix 10 — 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 and in the paragraph headed "Share Option", as at 30th June 2011, 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 2011 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 2011, the Company has no ultimate holding company.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June 2011, so far as was known to the directors or chief executives of the Company, the following persons (not being a director or chief executive of the Company) had an interest in the shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company pursuant to section 336 of the SFO:

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

Name of shareholder	Number of shares held (long position)
China Electronics Corporation ("CEC")	822,408,647 (Note 1, 2)
China Great Wall Computer Group Company	570,450,000 (Note 1, 2)
Great Wall Technology Co., Ltd. ("GWT")	570,450,000 (Note 1, 2)
China Great Wall Computer (Shenzhen) Co., Ltd. ("CGCSZ")	570,450,000 (Note 1, 2)
China Great Wall Computer (H.K.) Holding Limited ("CGCHK")	370,450,000 (Note 1, 2)
China National Electronics Imp. & Exp. Corporation	251,958,647 (Note 1, 2)
CEIEC (H.K.) Limited ("CEIEC HK")	251,958,647 (Note 1, 2)
Mitsui & Co., Ltd. ("Mitsui")	473,482,590 (Note 2)
Chimei Innolux Corporation ("CMI")	150,500,000 (Note 3)
Chimei Corporation ("CMC")	150,500,000 (Note 3)

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 53.92% 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. CEIEC HK is an indirectly wholly-owned subsidiary of CEC.

(2) CEC, CEIEC HK and Mitsui are parties to a consortium agreement dated 28th January 2010 (the "Consortium Agreement") and to a shareholders' agreement dated 28th January 2010 (the "Shareholders' Agreement"). The Consortium Agreement and the Shareholders' Agreement are agreements to which S.317(a) of the SFO applies. CEC Group and Mitsui are acting in concert with each other in respect of their aggregate 1,295,891,237 Shares.

(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. The Previous Scheme expired on 20th September 2009.

During the six months ended 30th June 2011, 45,000,000 share options have been granted and no share options have been cancelled.

On 18th January 2011, 45,000,000 share options were granted to a director and certain employees of the Group with an exercisable period from 18th January 2012 to 17th January 2021. There are four vesting periods for these share options. The closing market price per share at the date immediately before the date on which the share options were granted was HK$4.98. The estimated fair value of these share options was approximately HK$82,583,000, based on the Black-Scholes valuation model. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option. The significant inputs into the model are as follows:

	Options granted to a director and certain employees
Date of grant	18th January 2011
Exercise price	HK$5.008 per share
Closing share price on date of grant	HK$4.96 per share
Expected life	10 years commencing from 18th January 2011 and expiring on 17th January 2021 (both days inclusive)
Expected volatility	53.96 percent
Expected dividend yield	3.11 percent per annum
Risk free rate	2.73 percent per annum

The expected volatility is the historical volatility of the Company over the most recent period commensurate with the expected life of the share options.

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 2011 and options exercised and lapsed during the period were as follows:

				Number of options				
	Date of grant	Exercise Price HK$	Exercisable Period	As at 1st January 2011	Granted	Exercised	Lapsed	As at 30th June 2011
Directors								
Dr Hsuan, Jason	18/01/2011	5.008 (Note 2)	18/01/2012–17/01/2021	—	150,000	—	—	150,000
			18/01/2013–17/01/2021	—	150,000	—	—	150,000
			18/01/2014–17/01/2021	—	150,000	—	—	150,000
			18/01/2015–17/01/2021	—	150,000	—	—	150,000
Mr Chan Boon Teong	12/12/2007	5.75 (Note 1)	12/12/2008–11/12/2012	80,000	—	—	—	80,000
			12/12/2009–11/12/2012	120,000	—	—	—	120,000
			12/12/2010–11/12/2012	200,000	—	—	—	200,000
Dr Ku Chia-Tai	12/12/2007	5.75 (Note 1)	12/12/2008–11/12/2012	60,000	—	—	—	60,000
			12/12/2009–11/12/2012	90,000	—	—	—	90,000
			12/12/2010–11/12/2012	150,000	—	—	—	150,000
Mr Wong Chi Keung	12/12/2007	5.75 (Note 1)	12/12/2008–11/12/2012	60,000	—	—	—	60,000
			12/12/2009–11/12/2012	90,000	—	—	—	90,000
			12/12/2010–11/12/2012	150,000	—	—	—	150,000
Employees	12/12/2007	5.75 (Note 1)	12/12/2008–11/12/2012	3,933,605	—	—	(16,000)	3,917,605
			12/12/2009–11/12/2012	5,900,408	—	—	(24,000)	5,876,408
			12/12/2010–11/12/2012	9,834,013	—	—	(40,000)	9,794,013
	18/01/2011	5.008 (Note 2)	18/01/2012–17/01/2021	—	11,100,000	—	—	11,100,000
			18/01/2013–17/01/2021	—	11,100,000	—	—	11,100,000
			18/01/2014–17/01/2021	—	11,100,000	—	—	11,100,000
			18/01/2015–17/01/2021	—	11,100,000	—	—	11,100,000
				20,668,026	45,000,000	—	(80,000)	65,588,026

SHARE OPTION (CONTINUED)

Notes:

(1) These options are exercisable at HK$5.75 (US$0.73) per share in three tranches: 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.

(2) These options are exercisable at HK$5.008 (US$0.64) per share in four tranches: the maximum percentage of share options exercisable within the periods commencing from 18th January 2012 to 17th January 2021, from 18th January 2013 to 17th January 2021, from 18th January 2014 to 17th January 2021 and from 18th January 2015 to 17th January 2021 are 25 percent, 50 percent, 75 percent and 100 percent respectively.

BUSINESS COMBINATION

Details of business combinations of the Group is set out in note 17 to the financial information.

CONTINGENT LIABILITIES

Details of contingent liabilities was discussed in note 19 to the financial information.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the six months ended 30th June 2011, the Company repurchased a total of 200,000 of its ordinary shares of US$0.01 each through the Exchange at prices ranging from HK$3.60 (US$0.46) to HK$3.65 (US$0.47) per share, for a total consideration of HK$725,000 (US$92,949). These repurchased shares were cancelled.

Apart from the above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares during the six months ended 30th June 2011.

CORPORATE GOVERNANCE PRACTICES

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

During the six months ended 30th June 2011, 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.

CORPORATE GOVERNANCE PRACTICES (CONTINUED)

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.

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.

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.

CORPORATE GOVERNANCE PRACTICES (CONTINUED)

Re-election of directors (continued)

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 establish 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 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 2011.

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 auditors to discuss any areas of concern regarding the audits and reviews. It reviews the quarterly, interim and annual results before these are submitted to the Board. In reviewing the Company's financial results, the Committee focuses not only on the impact of changes in accounting policies and practices, but also on compliance with accounting standards, Listing Rules and 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.

INVESTMENT COMMITTEE

The Company has established the Investment Committee on 23rd March 2011 with specific terms of reference. The Investment Committee is responsible for reviewing the investment evaluation policies, evaluating investment proposals and making recommendations to the Board. It also reviews and reports to the Board the performance, forecast and business plan of the investments on a regular basis.

Chaired by the Chairman and CEO of the Company, the Investment Committee currently has a membership comprising one independent non-executive director, three non-executive directors and the Chairman and CEO of the Company. The Investment Committee shall meet as and when required, but in any event at least quarterly.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated financial information for the six months ended 30th June 2011 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 2011.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of US0.63 cent (six months ended 30th June 2010: US0.76 cent) per share for the six months ended 30th June 2011 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 Friday, 7th October 2011.

The dividend cheques will be distributed to shareholders on or about Friday, 14th October 2011.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from Friday, 7th October 2011 to Monday, 10th October 2011, 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, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 6th October 2011 or the Company's share transfer office in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 5:00 p.m. on Thursday, 6th October 2011 (as the case may be).

BOARD COMPOSITION

As at the date of this report, the Board of the Company comprises one 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, Mr Junichi Kodama and Mr Chen Yen-Sung, 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, 24th August 2011

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE 2011

		Unaudited Six months ended 30th June	
	Note	2011 US$'000	2010 US$'000
Revenue	5	5,296,995	5,448,785
Cost of sales		(4,978,896)	(5,148,422)
Gross profit		318,099	300,363
Other income		12,275	14,302
Other gains – net		54,266	24,199
Selling and distribution expenses		(159,280)	(131,114)
Administrative expenses		(84,048)	(54,940)
Research and development expenses		(60,915)	(47,200)
Operating profit	5 & 6	80,397	105,610
Finance income		1,751	1,736
Finance costs		(5,235)	(6,669)
Finance costs – net	7	(3,484)	(4,933)
Share of profits/(losses) of:			
Associates		836	(226)
Jointly controlled entities		(899)	–
Profit before income tax		76,850	100,451
Income tax expense	8	(10,428)	(20,196)
Profit for the period		66,422	80,255

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (CONTINUED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2011

	Note	Unaudited Six months ended 30th June 2011 US$'000	2010 US$'000
Profit attributable to:			
Owners of the Company		70,093	80,293
Non-controlling interests		(3,671)	(38)
		66,422	80,255
Earnings per share for profit attributable to owners of the Company	9		
– Basic		US2.99 cents	US3.57 cents
– Diluted		US2.99 cents	US3.37 cents
Dividends	10	14,778	17,828

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE 2011

	Unaudited Six months ended 30th June 2011 US$'000	2010 US$'000
Profit for the period	66,422	80,255
Other comprehensive income/(expense)		
Fair value losses on available-for-sale financial assets	(661)	(411)
Currency translation differences	7,798	(2,926)
Other comprehensive income/(expense) for the period	7,137	(3,337)
Total comprehensive income for the period	73,559	76,918
Total comprehensive income for the period attributable to:		
– Owners of the Company	77,230	76,956
– Non-controlling interests	(3,671)	(38)
	73,559	76,918

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

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30TH JUNE 2011

	Note	Unaudited 30th June 2011 US$'000	Audited 31st December 2010 US$'000
Assets			
Non-current assets			
Intangible assets	11	446,054	406,798
Property, plant and equipment	11	493,045	458,958
Land use rights	11	27,270	27,408
Investment properties	11	35,086	28,246
Investments in associates		34,513	30,276
Investments in jointly controlled entities		10,121	11,020
Available-for-sale financial assets		1,495	2,155
Deferred income tax assets		18,529	10,949
Other receivables		4,810	–
		1,070,923	975,810
Current assets			
Inventories		1,354,926	1,305,003
Trade receivables	12	1,868,596	2,193,205
Deposits, prepayments and other receivables		323,332	393,281
Financial assets at fair value through profit or loss		2,633	2,562
Current income tax recoverable		8,170	5,431
Derivative financial instruments		45,707	65,103
Pledged bank deposit		22,944	2,311
Cash and cash equivalents		210,095	184,426
		3,836,403	4,151,322
Total assets		4,907,326	5,127,132

AS AT 30TH JUNE 2011

	Note	Unaudited 30th June 2011 US$'000	Audited 31st December 2010 US$'000
Equity			
Equity attributable to owners of Company			
Share capital	13	23,456	23,458
Other reserves		1,802,039	1,737,191
Dividends		14,778	32,842
		1,840,273	1,793,491
Non-controlling interests		(1,142)	2,529
Total equity		1,839,131	1,796,020

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30TH JUNE 2011

	Note	Unaudited 30th June 2011 US$'000	Audited 31st December 2010 US$'000
Liabilities			
Non-current liabilities			
Borrowings and loans	14	75,812	–
Deferred income tax liabilities		9,674	9,526
Retirement benefit obligations		5,836	5,836
Other payables and accruals		54,761	22,460
		146,083	37,822
Current liabilities			
Trade payables	15	2,135,152	2,235,310
Other payables and accruals		427,648	434,883
Current income tax liabilities		9,127	16,415
Warranty provisions	16	71,326	70,312
Derivative financial instruments		36,957	63,837
Borrowings and loans	14	241,902	472,533
		2,922,112	3,293,290
Total liabilities		3,068,195	3,331,112
Total equity and liabilities		4,907,326	5,127,132
Net current assets		914,291	858,032
Total assets less current liabilities		1,985,214	1,833,842

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 2011

	Unaudited														
	Attributable to owners of the Company														
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Share redemption reserve US$'000	Employee share-based com-pensation 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 2011	23,458	759,555	68,202	12	10,892	16,697	64,933	10,001	35	5,308	58,271	(9,423)	785,550	2,529	1,796,020
Comprehensive income:															
Profit/(loss) for the period	–	–	–	–	–	–	–	–	–	–	–	–	70,093	(3,671)	66,422
Other comprehensive expense:															
Fair value loss on available-for-sale financial assets	–	–	–	–	–	–	–	–	(661)	–	–	–	–	–	(661)
Currency translation differences	–	–	–	–	–	7,798	–	–	–	–	–	–	–	–	7,798
Total comprehensive income/(expense) for the period ended 30th June 2011	–	–	–	–	–	7,798	–	–	(661)	–	–	–	70,093	(3,671)	73,559
Employee share option scheme:															
Employee share-based compensation benefits	–	–	–	–	2,487	–	–	–	–	–	–	–	–	–	2,487
Repurchase of shares	(2)	(91)	–	–	–	–	–	–	–	–	–	–	–	–	(93)
2010 final dividend paid	–	–	–	–	–	–	–	–	–	–	–	–	(32,842)	–	(32,842)
Balance at 30th June 2011	23,456	759,464	68,202	12	13,379	24,495	64,933	10,001	(626)	5,308	58,271	(9,423)	822,801	(1,142)	1,839,131
Represented by:															
Reserves													808,023		
Interim dividend													14,778		
Balance at 30th June 2011													822,801		

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 2010

	Unaudited														
	Attributable to owners of the Company														
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Share redemption reserve US$'000	Employee share-based com-pensation 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)
Currency translation 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
2010 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		
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 CASH FLOWS
FOR THE SIX MONTHS ENDED 30TH JUNE 2011

	Note	Unaudited Six months ended 30th June 2011 US$'000	 2010 US$'000
Net cash generated from/(used in) operations		357,234	(77,827)
Interest paid		(5,235)	(4,273)
Overseas income tax paid		(27,887)	(24,563)
Net cash generated from/(used in) operating activities		324,112	(106,663)
Cash flows from investing activities:			
Proceeds from disposals of property, plant and equipment		1,379	339
Purchase of property, plant and equipment	11	(90,283)	(97,228)
Purchase of intangible assets	11	(800)	–
Investments in associated companies		(6,250)	(14,810)
Dividend from an associated company		2,849	5,461
Interest received		1,751	1,736
Acquisition of subsidiaries		(1,650)	–
Net cash used in investing activities		(93,004)	(104,502)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2011

	Note	Unaudited Six months ended 30th June 2011 US$'000	 2010 US$'000
Cash flows from financing activities:			
Dividends paid to owners of the Company and non-controlling interests		(32,842)	(29,558)
Issue of note payable		75,812	–
Net (repayments)/inception of bank borrowings		(230,631)	36,203
Repayment for derivative financial instruments – interest rate swap		(1,500)	(1,500)
Pledged bank deposit		(20,633)	(1,217)
(Repurchase)/issuance of new shares	13	(93)	157,137
Non-controlling interests' contribution to new subsidiaries		–	11,000
Net cash (used in)/generated from financing activities		(209,887)	172,065
Net increase/(decrease) in cash and cash equivalents		21,221	(39,100)
Cash and cash equivalents at beginning of the period		184,426	270,438
Effect of foreign exchange rate changes		4,448	(1,859)
Cash and cash equivalents at end of the period		210,095	229,479
Analysis of cash and cash equivalents:			
Bank balances and cash		210,095	229,479

The accompanying notes are an integral part of this 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 LCD TV sets. 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 24th August 2011.

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 2011 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 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2010, as described in those 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.

3 ACCOUNTING POLICIES (CONTINUED)

(a) The following revised standard and amendment to standard are mandatory for the first time for the financial year beginning 1st January 2011

HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after 1st January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

- The name of the government and the nature of their relationship;
- The nature and amount of any individually significant transactions; and
- The extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

Amendment to HKAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1st January 2011. It emphasizes the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

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

(b) The following amendments to standards and interpretations are effective for accounting periods commencing on or after 1st January 2011, but are not relevant to the Group

HKAS 32 (Amendment)	Classification of Rights Issues
HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HKFRSs (Amendment)	Third Improvements to HKFRSs 2010

The adoption of these amendments to standards 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 2011 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 financial information.

		Effective for accounting periods beginning on or after
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets	1st July 2011
HKAS 12 (Amendment)	Deferred tax: Recovery of Underlying Assets	1st January 2012
HKFRS 9	Financial Instruments	1st January 2013
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 11	Joint Arrangements	1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1st January 2013
HKFRS 13	Fair Value Measurement	1st January 2013
HKAS 1 (Amendment)	Presentation of Financial Statements	1st January 2013
HKAS 19 (2011)	Employee Benefits	1st January 2013
HKAS 27 (2011)	Separate Financial Statements	1st January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1st January 2013

The directors of the Company anticipate that the adoption of the above new revised standards and amendments to standards may result in new or amended presentation and disclosures on the condensed consolidated interim financial information but will have no significant impact on the Group's results and financial position. The directors of the Company will adopt the new revised standards and amendments to standards when they become effective.

4 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st December 2010.

5 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, finance income, finance costs and share of profits less losses of associated companies and jointly controlled entities 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, deposits and prepayments, and other receivables. They exclude investment properties, investments in associates and jointly controlled entities, available-for-sale financial assets, deferred income tax assets, non-current other receivables, financial assets at fair value through profit or loss, current income tax recoverable, derivative financial instruments, pledged bank deposits and cash and cash equivalents, which are managed on a central basis. These are included in the reconciliation to total balance sheet assets.

5 SEGMENT INFORMATION (CONTINUED)

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

The segment results for the six months ended 30th June 2011 are as follows:

	For the six months ended 30th June 2011			
	Monitors US$'000	TVs US$'000	Others US$'000	Total US$'000
Revenue from external customers	2,938,413	1,768,930	589,652	5,296,995
Cost of sales	(2,729,043)	(1,681,543)	(568,310)	(4,978,896)
Other income excluding export incentives received and fiscal refund received	4,162	2,506	836	7,504
Operating expenses	(132,261)	(97,654)	(20,062)	(249,977)
Adjusted operating profit/(loss)	81,271	(7,761)	2,116	75,626
Depreciation of property, plant and equipment	18,344	22,401	13,893	54,638
Amortization of land use rights	–	–	320	320
Amortization of intangible assets	1,883	4,522	359	6,764

5 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 sales	(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

5 SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities at 30th June 2011 are as follows:

	Monitors US$'000	TVs US$'000	Others US$'000	Total US$'000
Segment assets	2,566,037	1,689,613	257,573	4,513,223
Segment liabilities	(1,720,537)	(825,120)	(149,066)	(2,694,723)

The segment assets and liabilities at 31st December 2010 are as follows:

	Monitors US$'000	TVs US$'000	Others US$'000	Total US$'000
Segment assets	2,425,543	2,004,633	354,477	4,784,653
Segment liabilities	(1,656,736)	(1,014,042)	(98,023)	(2,768,801)

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

	Six months ended 30 June	
	2011 US$'000	2010 US$'000
Adjusted operating profit for reportable segments	75,626	96,127
Export incentives received	2,256	6,732
Fiscal refund received	2,515	2,751
Operating profit	80,397	105,610
Finance income	1,751	1,736
Finance costs	(5,235)	(6,669)
Share of profits/(losses) of associates	836	(226)
Share of losses of jointly controlled entities	(899)	–
Profit before income tax	76,850	100,451

5 SEGMENT INFORMATION (CONTINUED)

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

	30th June 2011 US$'000	31st December 2010 US$'000
Segment assets	4,513,223	4,784,653
Investment properties	35,086	28,246
Investments in associates	34,513	30,276
Investments in jointly controlled entities	10,121	11,020
Available-for-sale financial assets	1,495	2,155
Deferred income tax assets	18,529	10,949
Non-current other receivables	4,810	–
Financial assets at fair value through profit or loss	2,633	2,562
Current income tax recoverable	8,170	5,431
Derivative financial instruments	45,707	65,103
Pledged bank deposit	22,944	2,311
Cash and cash equivalents	210,095	184,426
Total assets per balance sheet	4,907,326	5,127,132

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

	30th June 2011 US$'000	31st December 2010 US$'000
Segment liabilities	(2,694,723)	(2,768,801)
Current income tax liabilities	(9,127)	(16,415)
Derivative financial instruments	(36,957)	(63,837)
Deferred income tax liabilities	(9,674)	(9,526)
Borrowings and loans	(317,714)	(472,533)
Total liabilities per balance sheet	(3,068,195)	(3,331,112)

5 SEGMENT INFORMATION (CONTINUED)

The segment results by geography are as follows:

	30th June 2011 US$'000	30th June 2010 US$'000
Europe	1,460,008	1,724,942
North America	834,394	987,151
South America	564,030	375,324
Africa	23,627	14,913
Australia	36,390	48,394
The PRC	1,511,981	1,667,554
Rest of the world	866,565	630,507
	5,296,995	5,448,785

At 30th June 2011, the total of non-current assets other than financial instruments and deferred income tax assets located in the PRC is US$412,698,000 (31st December 2010: US$402,264,000), and the total of these non-current assets located in other countries is US$638,201,000 (31st December 2010: US$560,442,000).

For the six months ended 30th June 2011, revenues of approximately US$495,684,000 (six months ended 30th June 2010: US$543,396,000) are derived from a single external customer. These revenues are attributable to the sales of monitors, TVs and others. This customer is also the second largest debtors at the balance sheet date.

6 OPERATING PROFIT

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

	Six months ended 30th June	
	2011	2010
	US$'000	US$'000
Net exchange gains/(losses)	43,488	(28,012)
Realized and unrealized gains on foreign exchange forward contracts – net	5,197	52,122
Realized and unrealized gains on interest rate swaps – net	1,009	1,137
Fair value gains/(losses) on financial assets at fair value through profit or loss	71	(362)
(Provision)/reversal of provision for impairment of trade receivables	(366)	768
Write-down of inventories to net realizable value	(1,835)	(10,469)
Employee benefit expense (including directors' emoluments)	(211,407)	(145,488)
Depreciation of property, plant and equipment	(54,638)	(47,764)
Amortization of land use rights	(320)	(230)
Amortization of intangible assets	(6,764)	(1,660)
Loss on disposal of property, plant and equipment	(397)	(76)
Fair value gains on revaluation of investment properties (Note 11)	3,890	–
Impairment losses on available-for-sale financial assets	–	(686)
Provision for warranty (Note 16)	(41,581)	(31,273)
Gain from a bargain purchase of subsidiaries (Note 17)	610	–
Transaction costs in relation to acquisition of subsidiaries (Note 17)	(116)	–

7 FINANCE COSTS – NET

	Six months ended 30th June 2011 US$'000	2010 US$'000
Interest expense on borrowings and loans	4,198	747
Interest expense on convertible bonds	–	5,922
Interest expense on note payable	1,037	–
	5,235	6,669
Interest income on short-term bank deposits	(1,751)	(1,736)
Finance costs – net	3,484	4,933

No borrowing costs were capitalized during the six months ended 30th June 2011 and 2010.

8 INCOME TAX EXPENSE

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 2011 (six months ended 30th June 2010: Nil).

Taxation on overseas profits has been calculated on the estimated assessable profits for the six months ended 30th June 2011 at the rates of taxation prevailing in the countries/places in which the Group operates.

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

	Six months ended 30th June 2011 US$'000	2010 US$'000
Current income tax – Overseas taxation	17,860	18,898
Deferred income tax (credit)/charge	(7,432)	1,298
Income tax expense	10,428	20,196

9 EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30th June	
	2011	2010
Profit attributable to owners of the Company (US$'000)	70,093	80,293
Weighted average number of ordinary shares in issue (thousands)	2,345,835	2,248,633
Basic earnings per share (US cents per share)	2.99	3.57

(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.

9 EARNINGS PER SHARE (CONTINUED)

(b) Diluted (Continued)

	Six months ended 30th June 2011	2010
Profit attributable to owners of the Company (US$'000)	70,093	80,293
Interest expense on convertible bonds (US$'000)	–	5,922
Profit used to determine diluted earnings per share (US$'000)	70,093	86,215
Weighted average number of ordinary shares in issue (thousands)	2,345,835	2,248,633
Adjustments for		
– assumed conversion of convertible bonds (thousands)	–	313,289
Weighted average number of ordinary shares for diluted earnings per share (thousands)	2,345,835	2,561,922
Diluted earnings per share (US cents per share)	2.99	3.37

10 DIVIDENDS

	Six months ended 30th June 2011 US$'000	2010 US$'000
Interim, of US0.63 cent (2010: US0.76 cent) per ordinary share	14,778	17,828

An interim dividend of US0.63 cent per share (2010: US0.76 cent per share) was declared by the board of directors on 24th August 2011. It is payable on or about Friday, 14th October 2011 to shareholders whose names are on the register as at 7th October 2011. This interim dividend, amounting to US$14,778,000 (2010: US$17,828,000), has not been recognized as a liability in this interim financial information. It will be recognized in shareholders' equity in the year ending 31st December 2011.

11 CAPITAL EXPENDITURES AND INTANGIBLE ASSETS

	Property, plant and equipment	Land use rights	Investment properties	Intangible assets			
				Goodwill	Trademarks	Patents	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Six months ended 30th June 2011							
Opening net book amount as at 1st January 2011	458,958	27,408	28,246	389,098	15,460	2,240	406,798
Exchange differences	3,168	182	–	–	–	–	–
Net gain from fair value adjustment	–	–	3,890	–	–	–	–
Additions	90,283	–	–	–	45,220	800	46,020
Disposals	(1,776)	–	–	–	–	–	–
Transfers	(2,950)	–	2,950	–	–	–	–
Depreciation and amortization	(54,638)	(320)	–	–	(6,432)	(332)	(6,764)
Closing net book amount as at 30th June 2011	493,045	27,270	35,086	389,098	54,248	2,708	446,054
Six months ended 30th June 2010							
Opening net book amount as 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 as at 30th June 2010	404,822	19,010	26,470	389,098	17,287	–	406,385

12 TRADE RECEIVABLES

	30th June 2011 US$'000	31st December 2010 US$'000
Trade receivables	1,870,747	2,194,990
Less: provision for impairment of receivables	(2,151)	(1,785)
Trade receivables, net	1,868,596	2,193,205

The carrying amounts of trade receivables approximate their fair values.

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

As at 30th June 2011 and 31st December 2010, the ageing analysis of trade receivables on invoice date were as follows:

	30th June 2011 US$'000	31st December 2010 US$'000
0–30 days	890,191	711,023
31–60 days	617,164	952,291
61–90 days	290,232	368,636
91–120 days	47,184	128,775
Over 120 days	25,976	34,265
	1,870,747	2,194,990

13 SHARE CAPITAL

	30th June 2011 US$'000	31st December 2010 US$'000
Authorized:		
4,000,000,000 ordinary shares of US$0.01 each	40,000	40,000
Issued and fully paid:		
2,345,636,139 (2010: 2,345,836,139) ordinary shares of US$0.01 each	23,456	23,458

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

	2011		2010	
	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	2,345,836,139	23,458	2,111,252,525	21,112
Issue of new shares	–	–	234,583,614	2,346
Repurchase of shares	(200,000)	(2)	–	–
Closing balance at 30th June	2,345,636,139	23,456	2,345,836,139	23,458

The Group acquired 200,000 of its own shares through purchases on the Exchange on 29th June 2011. The total amount paid to acquire the shares was HK$725,000 (equivalent to US$93,000) and has been deducted from shareholders' equity. All shares issued were fully paid.

13 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 2011**	**Granted during the period**	**Lapsed during the period**	**At 30th June 2011**
12th December 2007	HK$5.750	20,668,026	–	(80,000)	20,588,026
18th January 2011	HK$5.008	–	45,000,000	–	45,000,000

For the six months ended 30th June 2011, 80,000 share options (six months ended 30th June 2010: 470,000) were lapsed as a result of the cessation of employment of certain employees.

14 BORROWINGS AND LOANS

	30th June 2011 US$'000	31st December 2010 US$'000
Non-current		
Note payable (Note b)	75,812	–
Current		
Bank borrowings and loans (Note a)	241,902	472,533
Total borrowings and loans	317,714	472,533

14 BORROWINGS AND LOANS (CONTINUED)

Movements in borrowings and loans are analysed as follows:

	Six months ended 30th June	
	2011	2010
	US$'000	US$'000
At 1st January	472,533	215,336
Net inceptions of borrowings	(230,631)	36,203
Issue of note payable	75,812	–
Convertible bonds – liability component	–	2,396
At 30th June	317,714	253,935

Notes:

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

(b) Unsecured RMB denominated note payable was issued at a total nominal value of RMB500,000,000 bearing an interest rate of 4.25% per annum on 21st March 2011. The note payable matures three years from the issue date at their nominal value of RMB500,000,000. The carrying value of the note payable, net of transaction cost of US$1,582,000, was determined at issuance of the note payable.

(c) The Group has the following undrawn borrowing facilities:

	30th June	31st December
	2011	2010
	US$'000	US$'000
Undrawn borrowing facilities	2,758,987	2,399,549

15 TRADE PAYABLES

As at 30th June 2011 and 31st December 2010, the ageing analysis of trade payables based on invoice date were as follows:

	30th June 2011 US$'000	31st December 2010 US$'000
0–30 days	839,278	885,979
31–60 days	590,578	835,998
61–90 days	341,307	254,710
Over 90 days	363,989	258,623
	2,135,152	2,235,310

The carrying amounts of trade payables approximate their fair values.

16 WARRANTY PROVISIONS

	Six months ended 30th June	
	2011 US$'000	2010 US$'000
At 1st January	70,312	67,272
Charged to the income statement (Note 6)	41,581	31,273
Utilized during the period	(40,567)	(27,465)
At 30th June	71,326	71,080

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 2011 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 in the next thirty-six months.

17 BUSINESS COMBINATION

On 29th September 2010, AOC Holdings Limited ("AOC"), a wholly owned subsidiary of the Company, entered into a five-year trademark license agreement with Koninklijke Philips Electronics N.V. ("Philips"), under which trademarks for the sales and distribution of colour TVs in the PRC was granted to AOC and its affiliates in which AOC is required to pay royalty on an annual basis, which is based on higher of percentage of the turnover of the aforesaid TVs and a minimum royalty of EUR6,800,000 a year as specified in the agreement. The trademark license agreement has been effective since 1st January 2011.

In addition, a share purchase agreement was signed pursuant to which AOC agreed to purchase two wholly-owned subsidiaries of Philips, Ebony Hong Kong Holding Limited and PTC Consumer Electronic Co., Limited, with a consideration of EUR1,240,000 (equivalent to US$1,636,000). The two companies were holding the necessary spare parts, in-store samples, equipment, employees and contracts for the operations of the Philips Contributed Business. The Philips Contributed Business represents the entire business of the product management, operation, marketing, sale and distribution of the aforesaid TVs manufactured under the brand name "Philips" or any other brand name or trademark of the Philips Group as carried on by the Philips Group in the PRC prior to completion of the share purchase agreement.

The share purchase agreement was completed on 1st January 2011 and AOC acquired 100% of the share capital of Ebony Hong Kong Holding Limited and PTC Consumer Electronic Co., Limited, for a cash consideration of EUR1,240,000 (equivalent to US$1,650,000) on 1st January 2011.

17 BUSINESS COMBINATION (CONTINUED)

	Fair value US$'000
Purchase consideration	
– Cash paid	1,650

Recognized amounts of identifiable assets acquired:

	Carrying amount US$'000	**Fair value** US$'000
Trademark	–	39,013
Inventories and spare parts	1,650	2,260
Other payables	–	(39,013)
Total identifiable net assets	1,650	2,260
Bargain purchase		610
Acquisition-related costs (included in administrative expenses in the condensed consolidated income statement for the six months ended 30th June 2011)		116

The acquired business contributed revenue of US$86,881,000 and net loss of US$10,877,000 to the Group for the six months ended 30th June 2011.

18 CORPORATE GUARANTEES

	30th June 2011 US$'000	31st December 2010 US$'000
Guarantees in respect of banking facilities granted to an associated company	–	3,000

19 CONTINGENT LIABILITIES

The directors closely monitor the outstanding complaints and disputes over patents and assess the outcome of the complaints and disputes accordingly. The directors consider that the dismissed and settled complaints and disputes as well as outstanding complaints and disputes do not have any material financial impact on the Group as a whole. 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.

(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.

On 23rd May 2011, the case was dismissed by the Court according to the Settlement Agreement between the parties.

19 CONTINGENT LIABILITIES (CONTINUED)

(b) 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 monitors and televisions ("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 televisions, 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.

On 14th June 2011, the parties settled the dispute over televisions, while otherwise the settlement to the part of computer monitors is still pending arbitration.

(c) 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 monitors ("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 appellate proceedings are still ongoing, it is not probable to assess the outcome of the case for the time being.

19 CONTINGENT LIABILITIES (CONTINUED)

(d) 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 complaint is now in the process of dismissal.

(e) 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 an agreement between the parties.

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.

19 CONTINGENT LIABILITIES (CONTINUED)

(f) In July 2010, a third party company filed a complaint in the United States of America against the Group, one of its associated companies 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 IV").

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 IV, and contributing to and actively inducing the infringement of Patent IV 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 IV.

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.

(g) In November 2010, a third party individual filed a complaint in the United States of America against the Group. The Complaint concerns alleged claims of personal injury caused by products that contain asbestos.

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.

20 COMMITMENTS

(a) Capital commitments

	30th June 2011 US$'000	31st December 2010 US$'000
Capital commitments for plant and equipment		
– Contracted but not provided for	78,218	53,156
Capital commitments for investments in a jointly controlled entities and associates		
– Contracted but not provided for	–	7,886

(b) Commitments under operating leases

As at 30th June 2011, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	30th June 2011 US$'000	31st December 2010 US$'000
Not later than one year	25,574	6,987
Later than one year and not later than five years	16,839	14,581
Later than five years	8,418	7,792
	50,831	29,360

20 COMMITMENTS (CONTINUED)

(c) Future operating lease receivable arrangements

As at 30th June 2011, the Group's future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	30th June 2011 US$'000	31st December 2010 US$'000
Not later than one year	2,975	2,724
Later than one year and not later than five years	8,587	6,273
Later than five years	18,599	1,065
	30,161	10,062

21 RELATED PARTY TRANSACTIONS

As at 30th June 2011, the major shareholders of the Company are CEC, Mitsui and CMI, which owned 35.06%, 20.19% and 6.42% of the Company's issued shares respectively.

(a) Significant transactions with related parties

During the six months ended 30th June 2011 and 2010, the Group had the following significant transactions with its associated companies and its substantial shareholders, CEC, Mitsui, CMI and Philips (Note i).

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

	Six months ended 30th June	
	2011	2010
	US$'000	US$'000
Sales of finished goods to associates	178,580	322,879
Sales of finished goods to a jointly controlled entity	2	–
Sales of finished goods to CEC and its subsidiaries	815	151
Sales of finished goods to Mitsui	17,792	178,616
Sales of finished goods to Philips and its subsidiaries (Note i)	–	171,949
Purchases of raw materials from associates	(12,745)	(718)
Purchases of raw materials from jointly controlled entities	(92,499)	–
Purchases of raw materials from Mitsui	(23,372)	(202,688)
Purchases of raw materials from Philips and its subsidiaries (Note i)	–	(106,018)
Purchases of raw materials from CMI and its subsidiaries	(336,913)	(510,480)
Commission paid to an associate	–	(216)
Rental income from an associate	1,175	604
Rental income from a jointly controlled entity	488	–

Notes:

(i) 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.

21 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

	Six months ended 30th June 2011 US$'000	Six months ended 30th June 2010 US$'000
Salaries and other short-term employee benefits	636	572
Share-based payments	221	20
	857	592

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

	30th June 2011 US$'000	31st December 2010 US$'000
Receivables from related parties:		
Associates (Note (i))	97,811	140,082
Jointly controlled entities (Note (i))	347	6,471
Substantial shareholders and their subsidiaries (Note (ii))	2,592	1,486
Payables to related parties:		
Associates (Note (i))	7,855	1,436
Jointly controlled entities (Note (i))	9,448	2,141
Substantial shareholders and their subsidiaries (Note (iii))	70,654	75,131

21 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 and jointly controlled entities 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$2,592,000 (2010: US$436,000) and US$ nil (2010: US$1,050,000) were presented in the condensed consolidated interim balance sheet within trade receivables and deposits, prepayments and other receivables respectively.

(iii) Payables to substantial shareholders and their subsidiaries of US$70,654,000 (2010: US$75,131,000) were presented in the condensed consolidated interim balance sheet within trade payables.

22 EVENT AFTER BALANCE SHEET DATE

On 5th August 2011, a subsidiary of the Group has committed to acquiring the land use right for a piece of land in Shanghai, the PRC, from the government agency at a consideration of RMB282,850,000 (equivalent to US$43,717,000). The directors of the Company expect the transaction to be completed by the end of year 2011.

23 SEASONALITY

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

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