

Chairman's Statement

I report to our shareholders that the Group has maintained a steady growth in turnover for the six months ended 30 June 2002. Consolidated turnover for the period amounting to HK\$356 million was up by 2% compared to the last corresponding period (HK\$348 million). Profit before taxation was up by 1% to reach HK\$52.5 million (2001: HK\$51.9 million). Profit attributable to shareholders was however down 7% due to higher profits tax charge.

Liquid Crystal Display ("LCD") products comprised 86% of the Group's business. Consistent with the same period last year, the Group's LCD again reported a record high turnover of HK\$307 million with a continuous growth of 18% for the first half year. LCD performance for the major Asian market such as South Korea and Japan was recovered during the period. Due to the relocations of a number of reputable European manufacturers' factories to the Mainland China, orders directly from Europe were reduced. Despite the deflationary pressure over the global economy, we are happy to increase our gross profit margin by effective control on factory overheads and enhanced production yield.

Based on the up-to-date information, I am confident that the results for this year would be a new record in Truly's history not only for the LCD business but as a whole. In the foreseeable future, LCD will again be the group's core business and development arm. We are about to contract a new colour display pilot run production line on an R&D basis in the coming months amounting to between HK\$80 and HK\$100 million to be financed by internal reserves. We believe it would be a more advanced and cost effective means of dynamic colour display for wider mobile equipment applications which require less power consumption.

The drop in the Group's electronic consumer products was stabilised during the first six months of 2002 with similar turnover in the second half year of 2001. We project a moderate growth in the months towards end of the year mainly by the newly launched electrical tooth-brush products. Future prospect for this new product line is bright and huge contributions are expected to come in 2003 and thereafter.