RESULTS

The Group's turnover for the six months ended 30 June 2005 amounted to HK$2.088 billion (2004: HK$1.538 billion). Profit for the period was HK$336 million (2004: HK$256 million).

SEGMENTAL INFORMATION

	Six months ended 30 June 2005		Six months ended 30 June 2004	
	Turnover HK$'000	**Contribution HK$'000**	Turnover HK$'000	Contribution HK$'000
By geographical segments:				
The People's Republic of China	**1,487,913**	**290,459**	1,023,825	207,991
South Korea	**329,441**	**64,663**	164,660	35,431
Japan	**92,476**	**18,593**	135,346	29,469
Hong Kong	**70,410**	**13,526**	65,115	10,856
Europe	**54,224**	**7,719**	34,543	7,062
Elsewhere	**53,295**	**6,530**	114,928	10,561
	2,087,759	**401,490**	1,538,417	301,370
Interest income from bank deposits		**3,687**		224
Unallocated corporate expenses		**(401)**		(583)
Profit from operations		**404,776**		301,011
By business segments:				
Liquid crystal display products	**1,977,331**	**399,310**	1,395,673	304,383
Electronic consumer products	**110,428**	**2,180**	142,744	(3,013)
	2,087,759	**401,490**	1,538,417	301,370
Interest income from bank deposits		**3,687**		224
Unallocated corporate expenses		**(401)**		(583)
Profit from operations		**404,776**		301,011

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

BUSINESS REVIEW AND OUTLOOK

LCD sales for the period were about HK$2.0 billion (2004: HK$1.4 billion), and comprised 95% of the Group's turnover. Our LCD sales to both China (71% of LCD sales) and Korea (16%) markets were still outperforming over those elsewhere. The former market has already been named as the World Factory and together with the huge consumer market especially in portable digital products there, we can make use of this advantage to expand our LCD business. Korea has long been our close working partner for a number of years with which we can share the LCD development technique, purchase a substantial volume of critical components and itself is a big export market for our products. Growth potential in these markets is still anticipated.

During the interim period, we have achieved an overall satisfactory gross profit margin of 23.8%, though substantially less than the 2004's first half year of 28.4%. In anticipation of the adverse operating environment during the third quarter in 2004, the Group had executed a number of cost cutting and productivity enhancement policies and thus keeping the various profit margins stable during the first six month period in 2005. We are satisfied that the declining trend of the profit margin has stopped and the Group's bottom line is well protected.

Despite a negative sentiment being widely spread in the handset market, which the Group's LCD business heavily relied on, with sufficiently diversified product mix, proper vertical integration of production and the strong order book on hand, we are comfortable with both the business and profitability growth in the second half year period. With higher production yield and more efficient output expected from the newly installed CSTN line, we are ready to meet any possible challenge from the market place and work beneficially with our long-term business partners.

Being a major player in the full-colour portable display market in the world, one of our missions is to satisfy our existing and any potential customers with the right products, at the right time, to the right places and at competitive prices. The mass and commercial productions of active matrix display panel including TFT and OLED ("Organic Light Emitting Display") in our own factory has been in our business road map for some time. Based on our relatively conservative financial planning strategy, the Group is in the process of evaluating the feasibility of implementing a TFT production plant for small size display panel during the next two to three years. The plan would not be proceeded without satisfying all of the assumptions or conditions that the investment size must be minimal compared to the Group's equity, the project is more or less 100% viable and the capital expenditure is principally self-financed. Thereafter, the Group will be in a completely new era.

LIQUIDITY AND FINANCIAL RESOURCES

There were no material changes in the assets and liabilities of the Group as at 30 June 2005 compared to the last financial year end at 31 December 2004, except for the capital expenditure incurred during the period which resulted in an increase of fixed assets. The current ratio was kept at a comfortable level of around 2.0 while the Group has been maintaining a net cash position since end of last year after bank and other borrowings.

As at 30 June 2005, the surplus cash and bank balances, net of outstanding bank and other borrowings were about HK$137 million (2004: net debt of HK$179 million). Among the total gross borrowings of HK$443 million, HK$215 million were repayable within a year with the remaining balances repayable within a period of two to three years. The Group had pledged certain of its leasehold properties and related assets with an aggregate carrying value of approximately HK$50 million to secure banking facilities granted to the Company's subsidiaries.

Capital expenditure of HK$550 million for the next three years in respect of acquisition of property, plant and equipment was authorized but not contracted for. Their expected sources of funding will be principally from internal reserves.

GENERAL

Except for 2,990,000 ordinary shares issued upon the same number of staff's share options exercised at HK$2.196, there was no other change to the capital structure of the Group during the six months ended 30 June 2005. The issued and fully paid share capital of the Company was therefore increased by HK$299,000.

The state of the Group's current order books is very good.

Except for investments in subsidiaries, neither the Group nor the Company had held any material investments during the six months ended 30 June 2005.

There were no material acquisitions and disposals of subsidiaries and associated companies in the course of the financial period.

There are more than 5,500 workers and employees currently employed in the Group's Shan Wei factory and around 70 staff in our Hong Kong office.

Other than trade bills discounted to banks in the ordinary course of business, the Group had no material contingent liabilities. Exposure to fluctuations in exchange rates was minor and properly hedged.