

I am pleased to report to our shareholders that the Group has made a new record annual turnover of HK\$712 million (1999: HK\$496 million) in 2000, up by 44%. Net profit for the year was HK\$80 million (1999: HK\$63 million) representing an increase of 27%. Without taking into account of last year's gain on disposal of land and buildings (HK\$12 million), the adjusted growth in net profit for 2000 was almost 57%. I certainly believe that the Group is in the right track of expanding business while successfully enhancing its operating profits. The key to its success is summarized as a result of the accurate focus on marketing, continuous upgrade in productivity and positive control on overheads.

Liquid Crystal Display ("LCD") business reported continued and significant growth in turnover of over 58% to HK\$520 million. The Group's Electronic Consumer Products were back to increasing trend this year by achieving a growth of 15% to a turnover of HK\$192 million.

LCD sales accounted for around 73% of the Group's turnover in 2000. Our goal to become a leading supplier of full range quality LCD products has taken one step further. I am proud of "Truly" brand name being well recognized by our business partners as a quality guarantee. With the capability of shortening delivery schedule and improving production yield, we believe 2001 will be another brilliant year for the Group's LCD business.

RESULTS

The Group's turnover for the year ended 31st December, 2000 amounted to HK\$712 million (1999: HK\$496 million). Profit for the year was HK\$80 million (1999: HK\$63 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Both the LCD and Electronic Consumer Products recorded growth in turnover as a result of our strengthened marketing efforts together with the improved overall market conditions.

A record high turnover of HK\$712 million was obtained while net profit margin was consistently up. Earnings per share were enhanced by 27% accordingly.

Total assets were increased by approximately 21% to HK\$1,190 million which comprised HK\$477 million of current assets, HK\$694 million of fixed assets and HK\$19 million of deferred expenditure and other long-term assets. Total liabilities were increased by 67% to HK\$427 million, of which HK\$402 million were current liabilities and HK\$25 million were long term liabilities. The current ratio was maintained at a comfortable level of 1.19. The financial position of the Group was good while keeping a sufficiently high level of cash and bank balances (almost HK\$100 million) together with adequate unutilized banking facilities.

As at 31st December, 2000, the total outstanding bank and other borrowings, net of cash and bank balances were about HK\$184 million and they bear interest at prevailing market rate. The maturity profiles of these borrowings are shown in notes 20 and 21 to the financial statements. The gearing ratio based on bank and other borrowings, net of cash and bank balances was around 24%.

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

More than 2,500 workers are currently employed in our Shan Wei factory and approximately 60 staff in the Group's Hong Kong office.

DIVIDEND

The directors recommend the payment of a final dividend for the year ended 31st December, 2000 of 6 cents per share (1999: 4 cents) which, together with the interim dividend of 4 cents per share (1999: 2 cents) paid in November 2000, makes a total dividend for the year of 10 cents per share (1999: 6 cents).

CUSTOMERS AND SUPPLIERS

In the year under review, sales to the five largest customers accounted for less than 30% of the total sales of the Group. The five largest suppliers of the Group together accounted for approximately 45% by value of the Group's total purchases during the year, with the largest one accounting for 18%.

As at 31st December, 2000, none of the directors, their associates, or any shareholders which to the knowledge of the directors owned more than 5% of the Company's share capital had any beneficial interests in the Group's five largest customers and/or five largest suppliers mentioned in the preceding paragraph.

BUSINESS REVIEW

Liquid Crystal Display

Sales for the year were HK\$520 million, which comprised 73% of the Group's turnover. Demand for the Group's LCD products was continuously increasing and bulk purchase orders from corporations in Japan, South Korea and Europe were comparatively enormous. With the further penetration of the Group's LCD products to the US and Mainland China markets in the coming year, our business will be completely diversified and well balanced.

Telecommunications & Other Electronic Consumer Products

Sales were back to increasing trend and up to HK\$192 million, which comprised 27% of the Group's turnover.

OUTLOOK

The projected turnover growth for LCD alone in 2001 will be around 40% according to the first quarter unaudited figure of 36%. The emphasis on this year's marketing strategy will be on providing customers with on-site value-added services such as Touch Screen Panel, Chip-on-Glass, Chip-on-Board, etc. The customers no longer need to transport the finished LCD panels to other subcontractors for these services and the cost so saved will contribute to Truly's increased profit margin. More importantly, the customers can do one-stop-shopping to reduce order processing time so as to respond to market change more promptly.

With the full commercial production of the Group's third LCD production line and the Touch Screen Panel facilities during the first quarter of 2001, we are confident of serving the increasing need of our long-term business partners and attract more potential customers. New geographical segments for marketing such as the North America, South West Asia will actively be explored with reference to our successful experience in obtaining good businesses from South Korea, Japan and Europe. To support the Group's continuous growth, development of new displays through interchange of technology with customers and machinery suppliers is a must.

The Group's self-developed PDA ("Personal Digital Assistant") was available for sale in the market starting from the New Millennium year end. This new product will be expected to give positive contribution to the Group in 2001. Sales of the Group's other electronic consumer products including pagers, electronic calculators, etc in 2001 and the coming years will be quite stable.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors of the Company and senior management of the Group are set out as follows:

Mr. Lam Wai Wah, Steven, aged 47, is the Chairman and Managing Director of the Company. He is the founder of the Group and has over 24 years of experience in the electronics industry. He is primarily responsible for the formulation of the Group's overall strategic planning and business development.

Mr. Wong Pong Chun, James, aged 42, is an Executive Director of the Company. He is responsible for the Group's operations and external affairs. He joined the Group in 1987.

Mr. Cheung Tat Sang, James, aged 45, is an Executive Director of the Company. He is responsible for the sales of the Group's semiconductor products and components. Prior to joining the Group in 1989, he was sales manager for a number of electronics companies for over 10 years.

Mr. Ip Cho-Ting, Spencer, aged 42, is an independent Non-executive Director and a member of the Group's Audit Committee. He is the holder of a Bachelor of Science degree from the University of Wisconsin, Green Bay, U.S.A. Mr. Ip operates his own business in the industrial sector.

Mr. Heung Kai Sing, aged 52, is an independent Non-executive Director and a member of the Group's Audit Committee. He has experience in textile industry.

Mr. Chung Kam Kwong, aged 43, is a Non-executive Director of the Company and the Chairman of the Group's Audit Committee. He is a practising Certified Public Accountant in Hong Kong and is members of the Hong Kong Society of Accountants and the Australian Society of Certified Practising Accountants and a council member of the Macau Society of Certified Practising Accountants. Mr. Chung has extensive experience in accounting and financial management and has been the independent Non-executive Director, management consultant and Company Secretary of a number of listed companies in Hong Kong.

Mr. Cheung Chong Hai, aged 49. Mr. Cheung joined the Group in 1987 and is the General Manager of Truly Semiconductors (Europe) GmbH with main responsibility in the marketing of the Group's LCD products to customers in Europe.

Mr. Ng Sui Wa, Thomas, aged 38, is the Group's Financial Controller and the Finance Director of Truly Semiconductors Limited. He graduated from the University of Hong Kong and is a fellow member of the Association of Chartered Certified Accountants. Mr. Ng joined the Group in 1996 and has altogether over 10 years' experience for working in an international accounting firm and in the commercial sector.

Mr. Li Jian Hua, aged 37, is the Head of the Group's LCD Production Division and an Executive Director of Truly Semiconductors Limited. Mr. Li graduated from the Jilin University of Technology and Engineering Management in 1987 and joined the group in 1989. Prior to joining the Group, he worked in a multinational motor car manufacturer in Guangzhou City, the PRC for almost two years.

LAM WAI WAH, STEVEN

CHAIRMAN

Hong Kong, 12th April, 2001