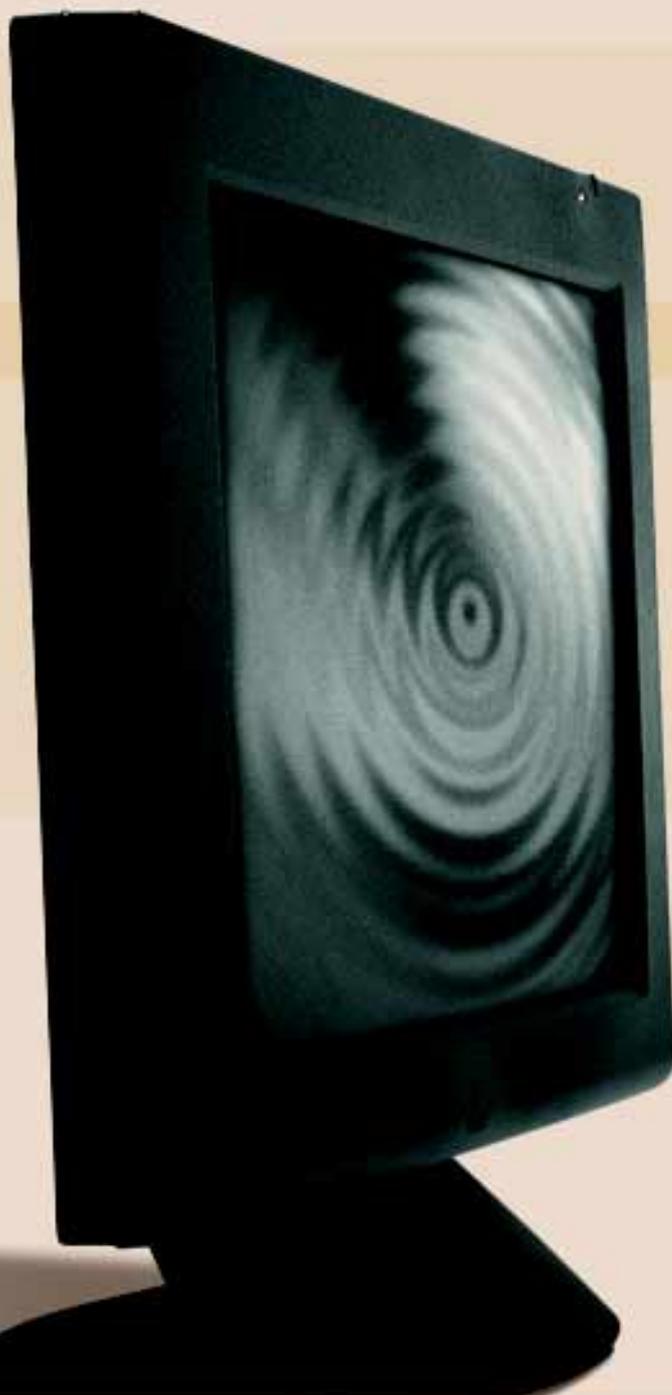


> CHAIRMAN'S STATEMENT



In retrospect, Year 2000 was characterized by its eccentric and volatile business climate. After a robust opening nine months, the world economy dramatically slipped in the fourth quarter with a steady loss of economic stamina which spread rapidly from the United States to the rest of the world. The IT sector was particularly hard hit by the resultant cut back in consumer and business technology spending. In spite of the weak closing and the apparent worrisome near term outlook, the worldwide monitor market, consistent with the overall personal computer market to which it was closely tied, had managed to grow by a resounding 12% in Year 2000.

Financial Results

Against this backdrop, the Group achieved yet another record year in almost every respect. Aided by the favourable economic conditions in our core markets and a substantial increase in original design manufacturing ("ODM") orders, consolidated turnover of the Group reached US\$961.7 million, representing an increase of 57.1% over the US\$612.2 million recorded in the prior year. Profit attributable to shareholders amounted to US\$33.3 million, an increase of 50.3% over the US\$22.1 million achieved in 1999. It is particularly worth noting that our strong sales growth did not diminish along with the market in the second half of the year and still grew at a respectable 59.0% in the fourth quarter of Year 2000. As a result, basic earnings per share for the year amounted to US2.77 cents compared with US2.11 cents for the prior year.

Dividends

At the forthcoming annual general meeting, the directors will recommend the payment of a final dividend of US0.44 cent per share payable in cash with a scrip alternative for the year ended 31st December 2000. Together with the interim dividend of US0.21 cent per share paid on 30th November 2000, dividends for the year will amount to US0.65 cent per share. The total dividend payout for the year will amount to US\$7.9 million or 23.6% of profit attributable to shareholders.

Major Strategies for 2001

Given the sluggish economic climate and deteriorating consumer confidence prevail in most parts of the world, we have taken a more conservative approach towards this year's business. Our goal for 2001 is to expand on market share while keeping a tight control on expenses amidst an uncertain business environment.

Despite the economic challenges faced by the PRC, the nation is fairly insulated from the economic downturn in the United States. With its vast population, growing middle class and low computer penetration rate, the PRC's personal computer market is expected to grow in tandem with its healthy economy. Bearing this in mind, our first strategy is to allocate more of our resources into this growth market. TPV is now estimated to have captured approximately 30% of the PRC monitor market. We resolve to stretch this lead by implementing a more aggressive marketing strategy. This year, AOC image shops will be set up in major metropolises such as Beijing, Shanghai, Guangzhou and Shenzhen to supplement our established sales channels which comprise over 300 distributors and service centers across the nation. Advertising and marketing campaigns will also be launched to raise AOC brand awareness as well as customer loyalty. The extra effort, coupled with our strong array of products will doubtlessly solidify our market position in the long run.

> CHAIRMAN'S STATEMENT

The second strategy is the establishment of LCD business as our next pillar of growth. In this increasingly digitalized Internet society, everyone expects LCD to play a crucial role in the next generation of display technology. Since 1999, TPV has started to invest strategically into the development of LCD display manufacturing technology. However, due to the large price gulf between LCD displays and traditional CRT monitors, we have been taking a rather cautious stance in putting this new device into large-scaled commercial production. The slowing economy and weak computer sales in the recent months have exacerbated a serious oversupply of LCD panels, forcing many manufacturers to slash their prices aggressively. With prices falling rapidly, sales are surging. This year, monitor manufacturers are expected to ship more than 12 million units of LCD monitors, bringing this product segment to approximately 10% of the worldwide monitor market. With demand forecasted to grow at an annual rate of over 40% between now and 2004, we strongly believe that the timing is ripe for us to position ourselves at the forefront of this high growth business. A brand new LCD display production line with planned annual capacity of 360,000 units is scheduled to commence production in the second quarter of 2001 at our Fuqing plant. The production line is set up with a minimal amount of initial capital investment by simply converting and reconfiguring two of the four assembly lines previously used for scanner production. We anticipate increasing capital commitments in SMT equipment and ancillary machinery sometime down the road as and when the demand for LCD monitor becomes more evident.

The third strategy involves a comprehensive plan to establish pricing and quality leadership. Computer monitor industry is at a critical juncture and due for further consolidation as it comes to terms with slow growth and maturity. Since what makes a monitor company successful is its scale and quality, we need to distinguish ourselves by excellent quality, competitive pricing and top-notch after sales support in order to win ODM contracts from world class personal computer companies. This year, we shall undertake more drastic cost cutting measures and restructuring to streamline the manufacturing operations to keep pace with the business environment. Plans have been mapped out to lift efficiency, lower production costs, improve time to market and customer service, and rationalize products. In order to enhance our management information system and operational and logistics workflow, external consultants are retained to review all of our systems to ensure that our infrastructure is adequate to take on future challenges. With these plans in place, TPV is poised to outshine the competition.

Despite the emergence of PDA ("personal digital assistant") and other IA ("Internet appliance") devices, we believe that personal computers will continue to play an important role in this Internet era for many years to come. Nonetheless, the high growth days are unquestionably behind us. In the next few years, we are confident that TPV can achieve above industry growth given our unique position in high growth emerging markets and our successful proliferation in the expanding contract manufacturing business, previously dominated by Korean manufacturers. In the long run, TPV clearly needs a next generation product to sustain our remarkable revenue stream. Our fourth strategy is, therefore, the identification and development of this next generation product. With the electronics industry experiencing changes such as the rapid shift to digitalization and fiber-optic networking, the merging of broadcasting and telecommunications, digital TV will eventually be an indispensable device for future businesses and homes. In view of this development, we have newly formed a digital TV team in Taiwan to foray into the research and development of this technology. Such move is to lay groundwork for ourselves once digital TV becomes a mainstream product.

Prospects

The softening United States economy and the meltdown of technology stocks were the culprits of the current IT industry's wide-spread dismal. With excessive build up of inventory throughout the technology supply chain, we do not anticipate the industry to rebound quickly until at least the completion of an inventory adjustment cycle. Fortunately, newly released economic data indicated that the build up of inventories was less than the level which everybody had originally expected. This was attributable to the "Just-in-time" procurement system widely adopted by major computer companies. The aggressive price-cutting campaigns launched by these companies in the first quarter of 2001 also seemed to have gotten the channel inventories down to normal levels. We are hopeful that the recent rate cuts by the United States Federal Reserve will revive the consumer confidence later this year. Although the conditions look very fluid that it is almost impossible to gauge how the economy will fare in the coming months, one thing is for certain, the demand for IT products will pick up again once a sustainable cyclical recovery takes place.

As we move into 2001 and beyond, we expect to see further consolidation in the monitor industry where the weaker and smaller players may be squeezed out of existence. We shall therefore be more vigilant to look for the right merger and acquisition opportunity. Meanwhile, we shall continue to stay focus on our core business to realize the benefit of our market lead – an essential discipline for weathering a general economic downturn.

Barring unforeseen circumstances and based on the current order book, we are confident that sales in 2001 will enjoy a minimum of 25% growth, in view of the strong performance in ODM business.

TPV is well positioned for success. We engineered a successful Year 2000 with record turnover and profit. Our leading technology in display solutions will ensure our continuous success in this high-gearred information age. With proven technology, solid relationships with suppliers and customers, notwithstanding a supportive team of talented employees, TPV has all the elements for success in place to further enhance shareholder value in 2001, and into the future. The best is truly yet to come.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my gratitude to our shareholders, professionals and advisors, bankers, customers and suppliers, for their ongoing support in the year. I would also like to thank my fellow directors and staff for their dedication, contribution and loyal services.

Dr HSUAN, Jason
Chairman

Hong Kong, 19th April 2001