Fiscal 2004 will be remembered as a year full of challenges for our Company and the industry. During the first half of the year, TFT-LCD panels, the key component in TFT-LCD monitors, were in short supply. The shortage turned to glut in the summer as demand faltered. The entire supply chain was over-burdened with excess stock, causing panel prices to fall nearly 50 percent in the second half of the year. On the bright side, falling prices stimulated consumer demand and fuelled a rapid migration towards TFT-LCD. After three flattish quarters, TFT-LCD monitor shipments surged 29.4 percent in the fourth quarter, bringing full year shipment to 67 million units, overtaking CRT screens for the first time in history, according to a recent MIC* survey. The year was also a historic one for TPV, which has risen to the top of the TFT-LCD monitor sector in five short years.

Results

In 2004, despite the tough operating environment, TPV achieved record turnover and profit for the sixth consecutive year since we went public. Driven by strong shipments and growing market share in the computer monitor sector, the Group's consolidated turnover soared 75.1 percent from the prior year to US$3.7 billion, profit attributable to shareholders rose 55.7 percent to US$108.3 million and basic earnings per share increased 51.3 percent to US7.82 cents. In light of these satisfactory results, the Board has recommended the payment of a final cash dividend of US1.59 cents per share. Coupled with the interim dividend of US0.50 cent, dividends for the year would amount to US2.09 cents per share versus US1.43 cents for the preceding year.

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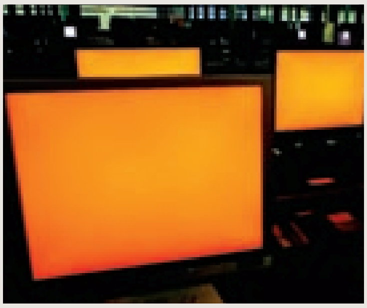
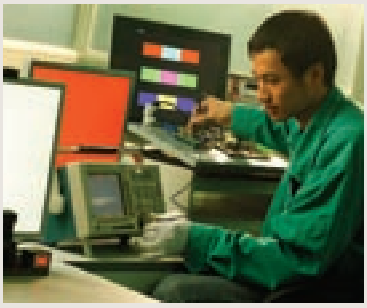
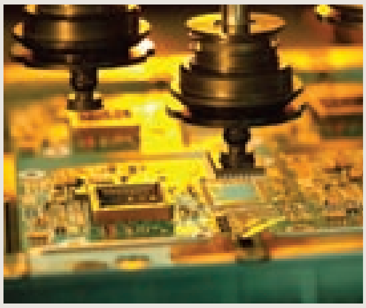
** MIC: The Market Intelligence Centre of the Institute for Information Industry of Taiwan*

Our competitive advantages and carefully mapped-out strategies have enabled us to outpace industry growth year after year.







Review and Prospects

This is truly the era of flat screens. Penetration of TFT-LCD computer displays continues to spread with the declining price points. Consumers prefer the aesthetics and space savings of the slim, fashionable screens to the larger, bulkier CRT monitors. The general industrial consensus is for TFT-LCD monitor demand to reach at least 91 million units in 2005 and 135 million by 2008. Meanwhile, the proliferation of flat-screen televisions is imminent, assuring the Group another growth driver when desktop-monitor demand subsides.

TPV is well-positioned in a dynamic, burgeoning industry. Yet, this is also a fiercely competitive, somewhat cyclical business marked by component-price volatility. As a seasoned player in the business, the Group has weathered many up and down cycles in the past and possesses the requisite elements to thrive in any market condition.

Firstly, unlike our industrial peers, we are totally focused on displays: CRT and TFT-LCD computer monitors and increasingly flat TVs. Despite the shrinking demand for CRT monitors, the Group will not easily abandon this market segment, which is still offering gross margins twice as high as those of TFT-LCD monitors. In fact, our worldwide CRT monitor market share rose four points to 23 percent in 2004 as a result of our competitiveness and market consolidation.

Our economies of scale have helped us become one of the cost leaders in the trade. Scale permits us to source TFT-LCD panels and other components at better prices. We now have more than 10,000 workers and 95 percent of our production capacity in China, the world's lowest cost manufacturing base - an environment in which we are experienced and able to operate with great efficiency. In 2004 we added 4.4 million units of annual capacity in China; this year we shall increase our capital spending to around US$60 million and add factory lines capable of producing 10 million more TFT-LCD monitors and TVs a year.

Cost cutting and flexibility are constants for TPV which almost has cost consciousness embedded in its corporate culture. For example, in the second half of 2004 we took swift action and worked closely with our customers to slash inventories in response to falling panel prices. We have asked most of our parts suppliers to set up warehouses in proximity to our plants in order to enhance just-in-time supplies. Our productive R&D team relentlessly searches for ways to reduce costs, while improving product quality and efficiency. Indeed, one of our chief initiatives in 2005 is to boost margins, which fell to a record low in the fourth quarter of last year.

We are vigilant and proactive to rapid market changes and customer demands for information technology.

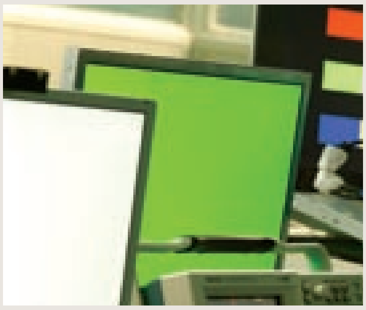
We are vigilant and proactive to rapid market changes and customer demands for information technology. We can design, develop and ramp up production for our customers in less than four months time. In 2004, our resourceful R&D team launched 409 new LCD models and in 2005, we plan to boost our R&D spending by 35 percent to US$27 million.

We maintain a geographically diversified and well-balanced customer base. Seven of the top 10 personal computer brands in the world are our customers. We also sell 1.5 million units a year of our own AOC branded monitors, which enhances the Company's flexibility. AOC is a leading branded monitors in China. Its volume, when combined with our ODM units sold there, gives TPV a 40 percent share in that fast expanding market.

Our competitive advantages and carefully mapped-out strategies have enabled us to outpace industry growth year after year. In 2005, we are targeting a shipment growth of at least 50 percent, while the TFT-LCD monitor market is expected to expand at a rate of more than 30 percent. Similar to the CRT monitor sector, the TFT-LCD monitor sector is rapidly consolidating. Within two years' time, the top five players in aggregate may supply 80 percent of the global demand, as compared with 60 percent today. Although near-term growth of TFT-LCD monitors remains brisk, one can foresee an inevitable slowing in the rate of growth going forward. As such, TPV needs a new revenue stream to sustain its growth. I believe we have found one in flat TV.

LCD TV is on the threshold of becoming a booming mass-market consumer product. DisplaySearch, a leading flat-panel display market research outfit, reported that LCD TV shipments more than doubled to 8.8 million sets in 2004, and forecasted shipments of more than 16 million for 2005. There are 150 to 160 million TV sets sold each year, a volume larger than that of desktop-computer monitors. I believe that within five years time, TFT-LCD, plasma and other flat-panel displays will account for 50 percent of TV shipments. My optimism is based on a number of factors. First, prices of TFT-LCD panels for TV sets are steadily falling, stimulating consumer demand. From the second half of 2005, when new 6G and 7G panel-fabrication facilities are fully ramped up, prices of the large-screen TFT-LCD TV sets suitable for living rooms (32 inches and above) will become much more affordable for consumers.

TPV has an inside track to diversify into flat-panel TV production since the product shares a very similar development platform and



TPV is a company that aims high and delivers. By 2010, we aim to sell 50 million displays annually, with flat panel television sets accounting for 20 to 25 percent of this total.

identical key components with TFT-LCD monitors. The existing monitor production lines could be extended to produce TVs with minimal capital spending and modification. Furthermore, mass-production skills that we have honed in computer monitors are equally important in TV production.

Yet, there are important differences between monitor and TV businesses. For instance, distribution channels, branding and marketing for consumer electronic products such as TVs are quite different from monitor products sold in the traditional IT outlets; and flat-panel TV sets, much less of a commodity, must be more user-friendly, as well as conform to local broadcasting systems.

It is partly for these reasons that we decided to partner with Philips** in certain computer monitor and flat-screen TV business operations, a move that will accelerate our thrust into the rapidly growing LCD TV industry. In December 2004, we entered into a letter of intent to acquire Philips' contributed businesses for a consideration of approximately US$358 million in equity and convertible bond. We expect the transaction to close by July 2005.

The partnership is expected to bring us additional monitor volume of more than 10 million units a year, two-thirds of it under Philips' own brand name giving us a dominating global monitor market share in excess of 25 percent. On the TV side, Philips is one of the strongest TV brands in the world, commanding over 15 percent of the global market. The alliance will jump-start TPV in the growing flat screen TV manufacturing and development market. The integration will allow both TPV and Philips to concentrate on their respective core competences whilst providing consumers with cost effective multi-media solutions and entertainment.

TPV is a company that aims high and delivers. By 2010, we aim to sell 50 million displays annually, with flat panel television sets accounting for 20 to 25 percent of this total. The challenge for our management is to keep up with that growth.

Appreciation

The year 2004 saw the departure of four directors - Mr Pen Tseng-Kwan; Mr Yang Hsing-Nang; Mr Djuhar, Sutanto; and Mr Cheung Doi Shu, who had made valuable contributions to TPV over the years. On behalf of the Board, I would like to express my sincere gratitude to them for their contribution and guidance. I would also like to welcome Mr Wong Chi Keung to the Board.

Last but not least, I like to thank our shareholders, business associates and employees for their continuous supports throughout the year.

Dr Hsuan, Jason
Chairman and Chief Executive Officer

Hong Kong, 30th March 2005

** *Philips: Royal Philips Electronics of the Netherlands*