

I am pleased to announce that the Group has achieved another first half-year sales record in 2005. Unaudited consolidated turnover for the six months ended 30 June 2005 was HK\$2.09 billion which was 36% more than the last corresponding period (HK\$1.54 billion). Unaudited net profit for the period was about HK\$336 million representing an increase of 31% over the same period in 2004 (HK\$256 million). Although gross margin for the period was down to 23.8% (2004: 28.4%), both gross and net profit margins were better than the whole year in 2004.

Sales in the CSTN LCD ("Colour Super-twisted Nematic Liquid Crystal Display") products during the interim period has jumped to over HK\$1.3 billion (2004: HK\$800 million) representing a tremendous growth of more than 60%. CSTN business has been an important growth driver for the Group's LCD division since its successful launch to the handset market in late 2003. Because of this significant contribution, LCD division has accounted for around 95% of the Group's overall business during the period. As a result of the keen competition in the consumer market including mobile phones, price pressure will still be a major concern for the Group's marketing strategy. We will exercise more pro-active judgement on the ever-changing market situation to maintain the Group's existing market share and leading position. This will inevitably lower our operating margin which has to be compensated by more efforts on cost and overheads controls.

With hand-on engineering experience in installing the top model LCD production facilities, the Group was able to implement the mass production of its newly acquired second CSTN line within a period as short as two months. Production capability and yield are enhanced by more than 100% and double digit respectively. On the condition of continuous turnover growth projected in the second half year of 2005, we are still comfortable with both the gross and net profit margins for the whole year.

In medium term, TRULY is obliged to widen its product range including more TFT ("Thin Film Transistor") display applications in a cost effective manner. We will study the building of a TFT production plant specifically for small size display panel by consolidating some of the existing LCD production facilities and equipment so as to reduce the unnecessary duplicated investment. Based on our past successful experience in establishing production plants in low cost, we are confident that these future investments can be principally self-financed.

Last but not least, I would like to thank our shareholders, business partners, staff and workers for their continuous support to the growth of the Group.

**Lam Wai Wah, Steven**  
*Chairman*

Hong Kong, 18 August 2005