

The Chairman's Statement

主席報告書

Dear shareholders,

I am very pleased to announce that 2005 was another record breaking year for TRULY in both turnover and net profit. Audited consolidated turnover for the year ended 31 December 2005 was about HK\$4.6 billion which was 34% more than the last corresponding year (HK\$3.4 billion). Audited net profit for the year was approximately HK\$702 million representing an increase of 33% over the year ended 31 December 2004 (approximately HK\$527 million). Both gross (23.8%) and net profit margins (15.3%) for the year were satisfactory and comparable with 2004 (23.2% and 15.5% respectively).

The Group's CSTN LCD ("Colour Super-twisted Nematic Liquid Crystal Display") products had during the year maintained its dominance in the China handset market and recorded a big jump to HK\$2.5 billion in turnover (2004: HK\$2.0 billion) representing a significant growth of more than 25%. Thanks to the new CSTN production line installed and commenced mass production in around mid-2005, the enhanced productivity and yield wherefrom helped keep or even increase the overall gross margin of this segment of operations. Of course, in satisfying the customers' needs in all different display solutions and to boost business in the long run, we had inevitably accepted orders of less profitability such as the assembly of TFT ("Thin Film Transistor") display products. We believe the situation will persist before the Group has its own TFT panel production facilities.

Like I said in my last year chairman's statement, people and know how have long been my greatest emphases since the Group was successfully transformed into a technology driven enterprise some years ago. Although more stringent measures will be applied to contain cost in the course of continuous business growth, more resources are to be allocated in recruiting people of high and appropriate calibres to meet the challenge from the ever-changing business community. This is especially important for R&D people who are vital elements for the healthy growth of the Group's businesses in different directions.

Barring unforeseen market conditions, I still feel comfortable with the Group's medium term business growth momentum. The unaudited turnover for the first two months of 2006 had recorded a better than expected double digit growth. We are confident of maintaining this expansion trend and hope to achieve another excellent result for 2006.

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, 23 March 2006

各位股東：

本人欣然公佈，信利在二零零五年之營業額及純利再創紀錄。截至二零零五年十二月三十一日止年度之經審核綜合營業額約為46億港元，較去年同期（34億港元）上升34%。本年度之經審核純利約為7.02億港元，較截至二零零四年十二月三十一日止年度（約5.27億港元）上升33%。本年度之毛利率（23.8%）及純利率（15.3%）令人滿意，較二零零四年（分別為23.2%及15.5%）相若。

年內，本集團之CSTN LCD（「彩色超扭曲向列型液晶顯示器」）產品在中國手機市場得以保持主導地位，營業額躍升至25億港元（二零零四年：20億港元），大幅增長逾25%。有賴於二零零五年中安裝新CSTN生產線並開始大規模生產，其生產能力及良品率提高有助保持甚至提高此業務分類之整體毛利率。為應付客戶對所有不同顯示器方案之需求及業務之長遠發展，我們難免須承接盈利較低之訂單（如安裝TFT（「薄膜電晶體」）顯示器產品）。我們相信，此情況在本集團自設TFT面板生產設施前仍會持續。

誠如本人於去年之主席報告書中所述，自本集團於數年前成功轉型為技術主導型企業以來，本人一直十分著重人才與技術。儘管本集團將實施多項更為嚴謹之措施，務求在業務持續增長之同時控制成本，但本集團仍會分配更多資源，聘請更多高質素之合適人才，以應付瞬息萬變之業務環境帶來之挑戰。研發人才對本集團業務循不同方向健康發展尤為重要。

在無不可預見之市場情況下，本人仍對本集團中期業務之增長勢頭充滿信心。二零零六年首兩個月之未經審核營業額錄得比預期理想之雙位數增長。我們有信心可繼續乘著這擴展趨勢，期望於二零零六年再創輝煌業績。

最後，本人謹此感謝我們的股東、業務夥伴、員工及工友對本集團成長之不斷支持。

主席
林偉華

香港，二零零六年三月二十三日