

# TRULY®

## Truly International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 732

Interim Report 2008





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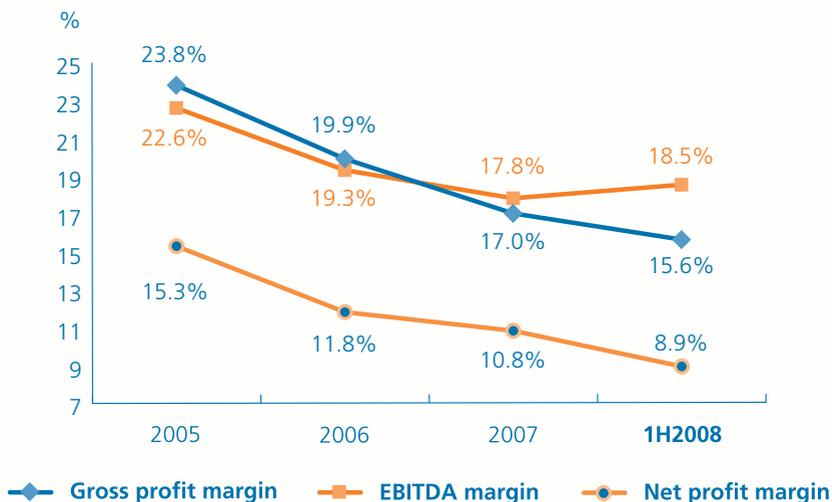


# Financial Highlights

For the six months ended 30 June

	2008 Unaudited HK\$'000	2007 Unaudited HK\$'000	Change %
Revenue	2,774,295	2,841,252	-2
Gross profit	434,113	603,063	-28
Net profit for the period	246,285	406,674	-39
Basic EPS	52.10 HK cents	86.53 HK cents	-40

## ANALYSIS OF GROSS, EBITDA AND NET PROFIT MARGINS (%)





# The Chairman's Statement

I regret to announce that the Group's unaudited interim results for the first half year of 2008 reported a significant drop of nearly 40% to HK\$246 million. Although businesses especially LCD's ("Liquid Crystal Displays") during the period recorded only a small drop, gross profit margin has however been squeezed a lot due to the pressure on selling prices, the exceptionally high depreciation charges of the new TFT ("Thin Film Transistor") LCD production line, the persistently uplifted energy costs and the rapid appreciation of RMB ("Renminbi") in early this year. I believe these prevailing margin-grinding conditions are still under control in the management's hands and trust we could overcome everyone of them step by step through a number of remedial measures including but not limited to a long-range market and application diversification plan, strategic investment policy on technology and machinery, tight controls on overheads growth, prudent cash flow management, etc.

The Group's business in first half of 2008 was negatively affected by the slow down of the China Handset market as our application diversification process is not yet fully accomplished. Riding on the "i-Phone" mania wave the handset industry has been rolling out new models equipped with "Touch Window" display since mid of 2008. We felt the market started to warm up and believe some loss grounds could be recovered in the second half of this year. The "Touch Window" trend created a bottle neck in the LCD module market because the touch panel supply increase was unable to catch up with the market growth. On one side this slows down the market recovery and the other causes the over supply of other critical handset components such as TFT LCD and IC's.

The key is Touch Panel. LCD factories with Touch Panel capacity are well positioned to capture the "i-Phone"-led handset recovery as well as other specialty market applications.

As planned, the newly operated TFT panel production facilities is close to reach its optimal productivity of 30,000 pieces of 370mm x 470mm substrate per month during the second quarter of the year and maintaining a production yield of well above 90%. Its multi-model flexibility is complimented by the Group's in-house high volume Touch Panel capacity to serve customers from specialty display markets such as the automotive industry, medical equipment, industrial control system, high end electronic consumer

## The Chairman's Statement (continued)

products and so on. These applications generally require Touch Panel functionality and regular but small volume delivery; which in return would apparently provide higher profit margins and more stable market cycles. In addition, the TFT production line and Touch Panel line will respectively double their capacities later this year. It is reasonable to expect a significant business growth and profit margin improvement in these specialty display markets in the very near future.

Accounting for almost 99% of the Group's overall business, LCD's turnover for the six months ended 30 June 2008 were broken down into TFT (62%), Colour Supertwisted Nematic ("CSTN") LCD (14%) and Mono STN and TN LCD's (24%) by display categories. In addition to performing well in our key LCD markets like the mainland China, our enhanced marketing efforts in other areas with the newly supplied specialty products are going to have paybacks. We anticipate a good improvement in the US market and a moderate growth in some new emerging markets for the whole year.

Although 2008 is a difficult year for all the industrialists especially those operating in China due to a number of unfavourable local and global factors, our traditional prudent financial management, healthy cash flow and positive business outlook allow the Group to pay out a reasonable interim dividend, which when compared in percentage is higher than our general dividend policy. I strongly believe we should uphold our obligations to enhance shareholder's value and their return on investments.

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, 28 August 2008



# Condensed Consolidated Income Statement

Six months ended 30 June 2008

Six months ended 30 June

	Notes	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
<b>REVENUE</b>		<b>2,774,295</b>	2,841,252
Cost of sales		<b>(2,340,182)</b>	(2,238,189)
Gross profit		<b>434,113</b>	603,063
Other income		<b>19,001</b>	8,804
Distribution and selling costs		<b>(52,135)</b>	(41,213)
Administrative expenses		<b>(90,202)</b>	(82,060)
<b>PROFIT FROM OPERATIONS</b>	2	<b>310,777</b>	488,594
Share of loss of an associate		—	(148)
Finance costs	3	<b>(32,292)</b>	(21,367)
<b>PROFIT BEFORE TAXATION</b>		<b>278,485</b>	467,079
<b>INCOME TAX EXPENSE</b>	4		
— Hong Kong		<b>(10,000)</b>	(20,000)
— Overseas		<b>(22,200)</b>	(40,405)
		<b>(32,200)</b>	(60,405)
<b>PROFIT FOR THE PERIOD</b>		<b>246,285</b>	406,674
<b>INTERIM DIVIDEND</b>		<b>118,189</b>	117,569
<b>EARNINGS PER SHARE</b>	5		
Basic		<b>52.10 HK cents</b>	86.53 HK cents
Diluted		<b>52.01 HK cents</b>	86.33 HK cents

# Condensed Consolidated Balance Sheet

At 30 June 2008

Notes	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>		
	3,242,193	3,214,313
Property, plant and equipment		
	124,163	119,908
Prepaid lease payments		
	19,622	22,121
Intangible assets		
	10,500	10,500
Available-for-sale investments		
	413	413
Goodwill		
	800	800
Deferred tax assets		
	—	391
Interest in an associate		
	39,680	39,148
Deposits paid for acquisition of property, plant and equipment		
	<b>3,437,371</b>	<b>3,407,594</b>
<b>CURRENT ASSETS</b>		
	772,804	808,007
Inventories		
	854,813	1,060,935
Trade and other receivables	6	
	915,827	554,476
Bank balances and cash		
	52,218	17,590
Tax recoverable		
	—	53,442
Loans receivable		
	<b>2,595,662</b>	<b>2,494,450</b>
<b>CURRENT LIABILITIES</b>		
	778,403	1,371,864
Trade and other payables	7	
	13,361	76,459
Tax liabilities		
	970,077	699,250
Bank and other borrowings, unsecured		
	<b>1,761,841</b>	<b>2,147,573</b>
	<b>833,821</b>	<b>346,877</b>
<b>NET CURRENT ASSETS</b>		
	<b>4,271,192</b>	<b>3,754,471</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		



## Condensed Consolidated Balance Sheet (continued)

At 30 June 2008

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>		
Bank and other borrowings, unsecured	984,795	688,059
Deferred tax liabilities	34,081	34,081
	1,018,876	722,140
	3,252,316	3,032,331
<b>CAPITAL AND RESERVES</b>		
Share capital	47,275	47,274
Share premium and reserves	3,205,041	2,985,057
	3,252,316	3,032,331

# Condensed Consolidated Statement of Changes in Equity

## Six months ended 30 June

	<b>2008</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2007 (Unaudited) HK\$'000
Total shareholders' funds as at 1 January	<b>3,032,331</b>	2,366,002
Exchange differences arising on translation of overseas operations and total income directly recognised in equity	<b>115,504</b>	(3,549)
Shares issued at premium	<b>22</b>	3,665
Profit for the period	<b>246,285</b>	406,674
Dividend paid	<b>(141,826)</b>	(117,359)
Total shareholders' funds as at 30 June	<b>3,252,316</b>	2,655,433



# Condensed Consolidated Cash Flow Statement

## Six months ended 30 June

	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Net cash from operating activities	16,925	456,423
Net cash used in investing activities	(164,544)	(1,113,577)
Net cash from financing activities	508,971	122,153
Net increase/(decrease) in cash and cash equivalents	361,352	(535,001)
Cash and cash equivalents at beginning of the period	554,476	1,018,228
Effect of foreign exchange rate changes	(1)	(3,465)
Cash and cash equivalents at end of the period — represented by bank balances and cash	915,827	479,762

# Notes To Condensed Consolidated Financial Statements

## 1. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2007, except as described below.

In the current period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as the "new HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on 1 January 2008.

The adoption of these new HKFRSs has had no material effect on how the results of operations and financial position of the Group are prepared and presented.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Group has commenced considering the potential impact of those new HKFRSs but is not yet in a position to determine whether they would have a significant impact on how its results of operations and financial position are presented. Those new HKFRSs may result in changes in the future as to how the results and financial position are presented.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC)—Int 13	Customer Loyalty Programmes <sup>3</sup>



1. ACCOUNTING POLICIES (CONTINUED)

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2009.
- <sup>2</sup> Effective for annual periods beginning on or after 1 July 2009.
- <sup>3</sup> Effective for annual periods beginning on or after 1 July 2008.

The interim results are unaudited, but have been reviewed by the Audit Committee which is of the opinion that such financial statements complied with the applicable accounting standards, and that adequate disclosures have been made.

2. PROFIT FROM OPERATIONS

The Group's profit from operations is arrived at after charging:

	Six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Depreciation on fixed assets	200,903	84,381
Amortisation on development expenditure	2,500	5,313
Staff costs, inclusive of directors' remuneration	180,584	135,136

3. FINANCE COSTS

	Six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Interest on:		
Bank and other borrowings wholly repayable within five years	32,292	21,367

## Notes To Condensed Consolidated Financial Statements (continued)

### 4. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the period.

Overseas taxation is calculated at the rates prevailing in the respective jurisdiction.

### 5. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share are based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2008 (Unaudited) HK\$'000</b>	2007 (Unaudited) HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<b>246,285</b>	406,674
	<b>Number of shares</b>	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>472,755,000</b>	469,966,000
Effect of dilutive share options	<b>750,000</b>	1,123,000
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b>473,505,000</b>	471,089,000



**6. TRADE AND OTHER RECEIVABLES**

The Group has a policy of allowing an average credit terms ranging from 30 to 90 days to its trade customers.

	<b>30 June 2008 (Unaudited) HK\$'000</b>	<b>31 December 2007 (Audited) HK\$'000</b>
Aged analysis of trade receivables:		
Within 60 days	<b>600,549</b>	909,199
61 to 90 days	<b>38,718</b>	14,271
More than 90 days	<b>46,277</b>	39,652
	<b>685,544</b>	963,122
Deposits, prepayments and other receivables	<b>169,269</b>	97,813
	<b>854,813</b>	1,060,935

**7. TRADE AND OTHER PAYABLES**

	<b>30 June 2008 (Unaudited) HK\$'000</b>	<b>31 December 2007 (Audited) HK\$'000</b>
Aged analysis of trade payables:		
Within 60 days	<b>440,851</b>	664,287
61 to 90 days	<b>226,394</b>	128,189
More than 90 days	<b>42,585</b>	181,830
	<b>709,830</b>	974,306
Other payables and accrued charges	<b>68,573</b>	397,558
	<b>778,403</b>	1,371,864

# Management Discussion And Analysis

## RESULTS

The Group's turnover for the six months ended 30 June 2008 amounted to HK\$2.77 billion (2007: HK\$2.84 billion). Profit for the period was HK\$246 million (2007: HK\$407 million).

## SEGMENTAL INFORMATION

	Six months ended 30 June 2008		Six months ended 30 June 2007	
	Turnover	Contribution	Turnover	Contribution
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>By geographical segments:</b>				
The People's Republic of China	2,278,158	255,999	2,260,813	388,302
South Korea	166,283	18,282	249,532	43,038
Japan	41,806	4,750	49,406	8,521
Hong Kong	119,311	10,206	85,209	13,687
Europe	99,894	10,928	135,158	22,879
Elsewhere	68,843	6,908	61,134	6,976
	<b>2,774,295</b>	<b>307,073</b>	<b>2,841,252</b>	<b>483,403</b>
Interest income from bank deposits		4,290		5,737
Unallocated corporate expenses		(586)		(546)
Profit from operations		<b>310,777</b>		<b>488,594</b>
<b>By business segments:</b>				
Liquid crystal display products	2,732,824	312,732	2,775,729	478,738
Electronic consumer products	41,471	(5,659)	65,523	4,665
	<b>2,774,295</b>	<b>307,073</b>	<b>2,841,252</b>	<b>483,403</b>
Interest income from bank deposits		4,290		5,737
Unallocated corporate expenses		(586)		(546)
Profit from operations		<b>310,777</b>		<b>488,594</b>



### BUSINESS REVIEW AND OUTLOOK

Sales performance for the second quarter of the year was exceptionally bad with an approximately 12% drop year-on-year resulting in a net decrease of about 2% in revenue for the first half year period which was down to around HK\$2.77 billion (2007: HK\$2.84 billion). Unaudited net profit for the period was about HK\$246 million which was approximately 39% less than the last corresponding period in 2007 (HK\$407 million). Mainly because of the high depreciation charges of the new TFT panel production line recorded during the period, gross profit margin was reduced significantly from 21.2% to 15.6%. Net profit margin was also decreased to 8.9% from 14.3% accordingly.

The sharp appreciation of RMB over the last couple of years has been adversely affecting all the enterprises with major operations in China like us. Truly, being an energetic player in the display industry while still in our developing stage but aim at providing total display solutions to customers, is inevitably carrying big burdens for expansion. The unique manufacturing site at Shanwei is now employing an average of 12,000 technical staff and skilful workers which are however essential to the healthy business growth in the long run. This short term pain will eventually be the seeds for the long term success.

Other than the pre-matured status of the Group's TFT panel facilities, some of the individual factories within the campus did perform with excellence. A good example is the compact camera module ("CCM") division which not only supplying critical components to the assembly of our LCD modules, but also making good businesses sold directly to outside customers. This independent operation, being run by separate management because of its special feature and exceptionally high market potential, has possessed some of the prerequisite characteristics for a spin-off idea. We are expecting big volume increment for this business line especially deliveries to major mobile phone makers starting from the second half of the year. Security and video conferencing devices are also viable applications for this component and orders are in the final confirmation stage. Being an intact manufacturing base, similar cases in our production backbone are numerous and potential areas are yet to be identified and developed.

## Management Discussion And Analysis (continued)

The Group is now in its consolidation stage for both business developments and capital investments. 2008 and the years to come will see a big challenge for our sales force especially in developing new markets and widening product range. With our successful field experiences in exploring LCD markets of all major applications, we are ready and confident of penetrating into new markets like India, South America, Eastern Europe, etc. By cooperation with our multinational corporation customers, we have successfully designed-in more projects to their overseas production plants in South Asia, Mexico and South America and Eastern Europe. New projects mainly include home appliances and automotives for their export and domestic market and are expected to contribute to our revenue in coming years. With the commercial production of the expanded phase of TFT panel production line in later this year, the Group will be in a better competitive edge to cater for customers' special requirements particularly in the niche market. It is expected that there will be no other major capital expenditures in the near future and the gross profit margins are to be improved.

### LIQUIDITY AND FINANCIAL RESOURCES

There were no material changes in the assets and liabilities of the Group as at 30 June 2008 compared to the last financial year end at 31 December 2007, except a change in the current ratio from approximately 1.2 to a healthier level of 1.5 times.

At the balance sheet date, the outstanding bank and other borrowings, net of cash and bank balances, were HK\$1,039 million (HK\$833 million at 31 December 2007). Among the total gross borrowings of HK\$1,955 million, HK\$970 million were repayable within a year with the remaining balances repayable within a period of two to four years.

Capital expenditure of approximately HK\$600 million for the next three years in respect of acquisition of property, plant and equipment was authorized but not contracted for. Their expected sources of funding will be principally from internal reserves.



### GENERAL

Except for 10,000 ordinary shares issued upon the same number of staff's share options exercised at HK\$2.196, there was no other change to the capital structure of the Group during the six months ended 30 June 2008. The issued and fully paid share capital of the Company was therefore increased by HK\$1,000.

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

Except for investments in subsidiaries and the long-term investment in a Japanese corporation, neither the Group nor the Company had held any material investments during the six months ended 30 June 2008.

There were no material acquisitions and disposals of subsidiaries and associated companies in the course of the financial period.

There are approximately 12,000 (2007: 10,000) workers and employees currently employed in the Group's Shan Wei factory and around 100 staff in our Hong Kong office.

The Group had no material contingent liabilities. Exposure to fluctuations in exchange rates has been properly hedged.

# Other Information

## INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of 25 HK cents per share (2007: 25 HK cents) to shareholders whose names appear on the Register of Members on 10 October 2008. It is expected that the interim dividend payments will be made to shareholders on 15 October 2008.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 6 October 2008 to 10 October 2008, both dates inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all transfers accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 3 October 2008.



## Other Information (continued)

### DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2008, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

#### Long positions

(a) *Ordinary shares of HK\$0.1 each of the Company*

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lam Wai Wah, Steven	Beneficial owner	207,072,000	43.80%
	Held by spouse (Note 1)	13,458,000	2.85%
		220,530,000	46.65%
Wong Pong Chun, James	Beneficial owner	6,750,000	1.43%
	Held by spouse (Note 2)	100,000	0.02%
		6,850,000	1.45%
Cheung Tat Sang, James	Beneficial owner	1,554,000	0.33%
Li Jian Hua	Beneficial owner	1,640,000	0.35%
		230,574,000	48.78%

Other Information (continued)

(b) *Share options*

<b>Name of director</b>	<b>Capacity</b>	<b>Number of options held</b>	<b>Number of underlying shares</b>
Lam Wai Wah, Steven	Beneficial owner	—	—
Wong Pong Chun, James	Beneficial owner	8,900,000	8,900,000
Cheung Tat Sang, James	Beneficial owner	9,300,000	9,300,000
Li Jian Hua	Beneficial owner	4,150,000	4,150,000
	Held by spouse (Note 3)	4,400,000	4,400,000
		8,550,000	8,550,000
		26,750,000	26,750,000

Notes:

1. Lam Wai Wah, Steven is deemed to be interested in 13,458,000 ordinary shares of the Company, being the interests held beneficially by his spouse, Chung King Yee, Cecilia.
2. Wong Pong Chun, James is deemed to be interested in 100,000 ordinary shares of the Company, being the interests held beneficially by his spouse, Lai Ching Mui, Stella.
3. Li Jian Hua is deemed to be interested in 4,400,000 share options of the Company, being the interests held beneficially by his spouse, Guo Yu Yan.

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as at 30 June 2008.

**SHARE OPTIONS**

Details of the share options outstanding as at 30 June 2008 which have been granted under share option schemes adopted respectively on 22 May 2001, 22 December 2003 and 15 June 2006 were as follows:

<b>Name</b>	<b>Capacity</b>	<b>Number of options outstanding at 1.1.08</b>	<b>Exercised (Note 1)</b>	<b>Number of options outstanding at 30.6.08</b>
Lam Wai Wah, Steven (Note 2)	Director/Substantial shareholder	—	—	—
Wong Pong Chun, James	Director	8,900,000	—	8,900,000
Cheung Tat Sang, James	Director	9,300,000	—	9,300,000
Li Jian Hua	Director	4,150,000	—	4,150,000
Guo Yu Yan	Spouse of Director	4,400,000	—	4,400,000
		8,550,000	—	8,550,000
Others	Employees	30,265,000	(10,000)	30,255,000
		57,015,000	(10,000)	57,005,000

## Notes:

- 10,000 share options were exercised during the six months ended 30 June 2008 under the old share option scheme adopted on 22 May 2001 at an exercise price of HK\$2.196.
- Other than the share options previously held by Lam Wai Wah, Steven, no share option has been granted to other substantial shareholders.

Other than as disclosed above, no other share option was granted, cancelled, lapsed or exercised under the share option schemes of the Company during the period.

## Other Information (continued)

### ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Other than the share option schemes disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of Lam Wai Wah, Steven, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

#### Long positions

*Ordinary shares of HK\$0.1 each of the Company*

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Chan Kin Sun (Note)	Beneficial owner	28,900,000	6.11%
	Held by spouse	9,856,000	2.08%
		38,756,000	8.19%
Chan Lai Lan	Beneficial owner	25,896,000	5.48%

Note: Chan Kin Sun and his spouse, Cheng Kwan Ying, Jennifer, are deemed to be interested in 38,756,000 shares of the Company.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2008.



### **PURCHASE, SALE OR REDEMPTION OF SECURITY**

No purchase, sale or redemption was made by the Company or its subsidiaries of the Company's listed securities during the period.

### **MODEL CODE**

None of the Directors of the Company is aware of information that would reasonably indicate that the Company was not in the period under review in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited.

### **AUDIT COMMITTEE**

The Company has an audit committee which was established in accordance with the code provisions of the Corporate Governance Code (the "Code") for the purposes of reviewing and providing supervision over the Group's financial reporting matters and internal controls. The Audit Committee comprises all the three independent non-executive directors namely Mr. Chung Kam Kwong, being the Committee Chairman, Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing. Mr. Wong Pong Chun, James, being an executive director is also a member of the Committee and they meet at least four times a year.

### **REMUNERATION AND NOMINATION COMMITTEES**

The Company has a remuneration and nomination committee separately which were established in accordance with the relevant requirements of the Code. The two Committees are chaired by Mr. Chung Kam Kwong, an independent non-executive director and comprise three other members namely Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing, being independent non-executive directors and Mr. Wong Pong Chun, James, being an executive director of the Company.

## Other Information (continued)

### CORPORATE GOVERNANCE

We have complied with all the applicable code provisions set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2008, except for a major deviation as below:

— **Code Provision A.2.1**

The roles of the Chairman and the Chief Executive are not separated and are performed by the same individual, Mr. Lam Wai Wah, Steven. The Board will meet regularly to consider major matters affecting the operations of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the Company's management and believes that this structure will enable us to make and implement decisions promptly and efficiently.

### PUBLICATIONS OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement and this 2008 Interim Report are published on the website of the Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at [www.truly.com.hk](http://www.truly.com.hk).

By Order of the Board  
**Lam Wai Wah, Steven**  
Chairman

Hong Kong, 28 August 2008

*As at the date of this report, the Board comprised Mr. Lam Wai Wah, Steven, Mr. Wong Pong Chun, James, Mr. Cheung Tat Sang, James and Mr. Li Jian Hua as executive directors and Mr. Chung Kam Kwong, Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing as independent non-executive directors.*