

TRULY®

Truly International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 00732



最薄顯示模組

Thinnest Display Module

1.14_{mm}

顯示模組厚度
Thickness of Display
Module

5"

可視區尺寸
Viewable Area Size

最薄OGS電容屏

Thinnest OGS Capacitive Touch Panel

0.5_{mm}

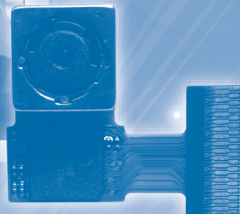
OGS 厚度
Thickness of OGS

5"

可視區尺寸
Viewable Area Size

INTERIM REPORT

2013



Contents

2 Financial Highlights

Financial Results

- 3 Report on Review of Condensed Consolidated Financial Statements
- 5 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 6 Condensed Consolidated Statement of Financial Position
- 8 Condensed Consolidated Statement of Changes in Equity
- 10 Condensed Consolidated Statement of Cash Flows
- 11 Notes to the Condensed Consolidated Financial Statements

28 Management Discussion and Analysis

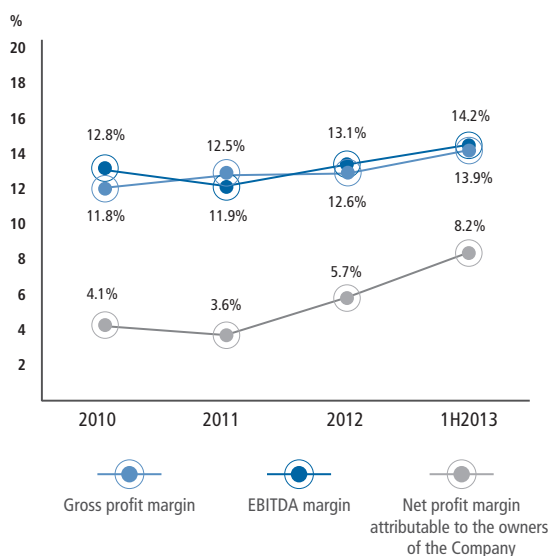
30 Other Information

FINANCIAL HIGHLIGHTS

For the six months ended 30 June

	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000	Change %
Revenue	8,666,018	5,296,082	+63.6
Gross profit	1,205,269	539,369	+123.5
Profit for the period attributable to the Owners of the Company	712,645	217,811	+227.2
EBITDA	1,234,888	585,247	+111.0
Basic EPS (HK cents)	25.62	7.87	+225.5
DPS (HK cents)			
— First Interim	2	1.5	+33.3
— Second Interim	3	2	+50.0

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



Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF
TRULY INTERNATIONAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Truly International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 5 to 27, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

20 August 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	NOTES	Six months ended 30 June	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Revenue	3	8,666,018	5,296,082
Cost of sales		(7,460,749)	(4,756,713)
Gross profit		1,205,269	539,369
Other income		49,582	38,494
Other gains and losses		40,798	17,680
Administrative expenses		(156,269)	(122,194)
Distribution and selling expenses		(124,636)	(107,111)
Other expenses		(79,102)	(31,973)
Finance costs	4	(35,272)	(38,067)
Profit before tax		900,370	296,198
Income tax expense	5	(115,591)	(74,806)
Profit for the period	6	784,779	221,392
Other comprehensive income (expense): Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		164,405	(85,026)
Fair value gain on available-for-sale investment		144,915	16,780
Other comprehensive income (expense) for the period		309,320	(68,246)
Total comprehensive income for the period		1,094,099	153,146
Profit for the period attributable to:			
Owners of the Company		712,645	217,811
Non-controlling interests		72,134	3,581
		784,779	221,392
Total comprehensive income for the period attributable to:			
Owners of the Company		1,013,703	149,701
Non-controlling interests		80,396	3,445
		1,094,099	153,146
EARNINGS PER SHARE	8		
Basic		HK25.62 cents	HK7.87 cents
Diluted		HK24.63 cents	HK7.87 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	NOTES	30 June 2013 HK\$'000 (unaudited)	31 December 2012 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	5,078,060	4,892,599
Prepaid lease payments		153,497	154,466
Intangible assets		261	333
Goodwill		413	413
Available-for-sale investments	10	193,229	48,314
Deferred tax assets		9,165	9,033
Deposits paid for acquisition of property, plant and equipment		71,305	10,841
		5,505,930	5,115,999
CURRENT ASSETS			
Inventories		1,500,674	1,016,322
Prepaid lease payments		4,116	4,052
Trade and other receivables	11	5,501,856	4,009,080
Tax recoverable		583	–
Fixed deposits		30,534	108,279
Bank balances and cash		1,576,208	1,330,711
		8,613,971	6,468,444
Non-current assets held for sale	12	2,763	2,719
		8,616,734	6,471,163
CURRENT LIABILITIES			
Trade and other payables	13	4,522,891	3,091,563
Tax liabilities		115,435	163,902
Bank and other borrowings, unsecured	14	2,536,343	2,249,363
		7,174,669	5,504,828

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2013

	NOTES	30 June 2013 HK\$'000 (unaudited)	31 December 2012 HK\$'000 (audited)
NET CURRENT ASSETS		1,442,065	966,335
TOTAL ASSETS LESS CURRENT LIABILITIES		6,947,995	6,082,334
NON-CURRENT LIABILITIES			
Bank and other borrowings, unsecured	14	809,198	905,797
Deferred tax liabilities		34,868	36,250
		844,066	942,047
		6,103,929	5,140,287
CAPITAL AND RESERVES			
Share capital	15	56,153	55,295
Share premium and reserves		5,804,332	4,921,944
Equity attributable to owners of the Company		5,860,485	4,977,239
Non-controlling interests		243,444	163,048
Total equity		6,103,929	5,140,287

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Special reserve HK\$'000 (note a)
At 1 January 2012 (audited)	55,361	549,156	10,000	990
Profit for the period	–	–	–	–
Other comprehensive (expense) income for the period				
— Exchange differences arising on translation of foreign operations	–	–	–	–
— Fair value gain on available-for-sale investment	–	–	–	–
Other comprehensive (expense) income for the period	–	–	–	–
Total comprehensive income for the period	–	–	–	–
Partial disposal of interests of a subsidiary	–	–	–	–
Dividend recognised as distribution (note 7)	–	–	–	–
At 30 June 2012 (unaudited)	55,361	549,156	10,000	990
Profit for the period	–	–	–	–
Other comprehensive income for the period				
— Exchange differences arising on translation of foreign operations	–	–	–	–
— Fair value loss on available-for-sale investment	–	–	–	–
Other comprehensive income (expense) for the period	–	–	–	–
Total comprehensive income (expense) for the period	–	–	–	–
Partial disposal of interests of a subsidiary	–	–	–	–
Transfer	–	–	–	–
Dividends recognised as distribution (note 7)	–	–	–	–
Shares repurchased and cancelled	(66)	(3,636)	–	–
At 31 December 2012 (audited)	55,295	545,520	10,000	990
Profit for the period	–	–	–	–
Other comprehensive income for the period				
— Exchange differences arising on translation of foreign operations	–	–	–	–
— Fair value gain on available-for-sale investment	–	–	–	–
Other comprehensive income for the period	–	–	–	–
Total comprehensive income for the period	–	–	–	–
Issue of shares upon exercise of share options	1,229	128,375	–	–
Dividend recognised as distribution (note 7)	–	–	–	–
Shares repurchased	(371)	(62,701)	–	–
At 30 June 2013 (unaudited)	56,153	611,194	10,000	990

Notes:

- (a) The special reserve represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisitions.
- (b) Other reserves comprise: (i) the statutory surplus reserve and the enterprise expansion reserve of the subsidiaries established in the People's Republic of China (the "PRC") other than Hong Kong. According to the Articles of

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2013

Capital redemption reserve HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000 (note b)	Investment revaluation reserves HK\$'000	Retained profits HK\$'000	Total equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
82	771,890	585,991	-	2,423,332	4,396,802	-	4,396,802
-	-	-	-	217,811	217,811	3,581	221,392
-	(84,890)	-	-	-	(84,890)	(136)	(85,026)
-	-	-	16,780	-	16,780	-	16,780
-	(84,890)	-	16,780	-	(68,110)	(136)	(68,246)
-	(84,890)	-	16,780	217,811	149,701	3,445	153,146
-	(538)	913	-	(3,764)	(3,389)	10,688	7,299
-	-	-	-	(110,721)	(110,721)	-	(110,721)
82	686,462	586,904	16,780	2,526,658	4,432,393	14,133	4,446,526
-	-	-	-	492,450	492,450	2,117	494,567
-	97,640	-	-	-	97,640	136	97,776
-	-	-	(15,196)	-	(15,196)	-	(15,196)
-	97,640	-	(15,196)	-	82,444	136	82,580
-	97,640	-	(15,196)	492,450	574,894	2,253	577,147
-	(3,265)	140,761	-	(67,074)	70,422	146,662	217,084
-	-	117,358	-	(117,358)	-	-	-
-	-	-	-	(96,768)	(96,768)	-	(96,768)
66	-	-	-	(66)	(3,702)	-	(3,702)
148	780,837	845,023	1,584	2,737,842	4,977,239	163,048	5,140,287
-	-	-	-	712,645	712,645	72,134	784,779
-	156,143	-	-	-	156,143	8,262	164,405
-	-	-	144,915	-	144,915	-	144,915
-	156,143	-	144,915	-	301,058	8,262	309,320
-	156,143	-	144,915	712,645	1,013,703	80,396	1,094,099
-	-	-	-	-	129,604	-	129,604
-	-	-	-	(196,989)	(196,989)	-	(196,989)
371	-	-	-	(371)	(63,072)	-	(63,072)
519	936,980	845,023	146,499	3,253,127	5,860,485	243,444	6,103,929

Association of the PRC subsidiaries, a percentage of net profit as reported in the PRC statutory accounts should be transferred to the statutory surplus reserve and the enterprise expansion reserve determined at the discretion of the board of directors of these companies. The statutory surplus reserve can be set off against accumulated loss whilst the enterprise expansion reserve can be used for expansion of production facilities or an increase in registered capital; (ii) difference between the carrying amount of interest in a subsidiary disposed of and the consideration received arising from the decrease in equity interest in a subsidiary.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	647,654	133,384
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(469,206)	(139,503)
Placement of fixed deposits	(136,549)	(208,251)
Withdrawal of fixed deposits	214,294	237,116
Deposits paid for acquisition of property, plant and equipment	(71,305)	(62,983)
Other investing cash flows	10,841	4,667
	(451,925)	(168,954)
NET CASH FROM FINANCING ACTIVITIES		
Repayment of bank and other borrowings	(4,314,886)	(1,954,753)
Dividends paid	(181,280)	(96,851)
New bank and other borrowings raised	4,505,267	2,155,168
Proceeds on disposal of partial interest in a subsidiary	–	7,299
Payment on repurchase of shares	(63,072)	–
Proceeds from issue of shares	129,604	–
Other financing cash flows	(35,272)	(38,068)
	40,361	72,795
NET INCREASE IN CASH AND CASH EQUIVALENTS	236,090	37,225
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,330,711	868,404
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	9,407	(6,825)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	1,576,208	898,804

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

- HKFRS 10 *Consolidated Financial Statements*;
- HKFRS 11 *Joint Arrangements*;
- HKFRS 12 *Disclosure of Interests in Other Entities*;
- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance*;
- HKFRS 13 *Fair Value Measurement*;
- HKAS 19 (as revised in 2011) *Employee Benefits*;
- HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*;
- Amendments to HKFRS 7 *Disclosures — Offsetting Financial Assets and Financial Liabilities*;
- Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*;
- Amendments to HKFRSs *Annual Improvements to HKFRSs 2009–2011 Cycle*; and
- HK(IFRIC)-Int 20 *Stripping Costs in the Production Phase of a Surface Mine*.

For the six months ended 30 June 2013

2. PRINCIPAL ACCOUNTING POLICIES (continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of the relevant standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC)-Int 12 Consolidation — Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The Directors of the Company assessed that the application of HKFRS 10 in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior year.

Impact of the application of HKFRS 12

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or undisclosed structured entities. In general, the application of HKFRS 12 would result in more extensive disclosure in the consolidated financial statements of the Group for the year ending 31 December 2013.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

HKFRS 13 *Fair value measurement*

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information in accordance with the consequential amendments of HKAS 34 are set out in note 19. The application has had no material effect on the fair value measurements of the Group's assets and/or liabilities.

Amendments to HKAS 1 *Presentation of items of other comprehensive income*

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 also require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

2. PRINCIPAL ACCOUNTING POLICIES (continued) *Amendments to HKAS 1 Presentation of items of other comprehensive income (continued)*

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the Executive Directors of the Company, the chief operating decision makers, for the purposes of resources allocation and assessment of performance is focused on the sales of different types of products. Inter-segment sales are charged at prevailing market rates. Thus, the Group is currently organised into two operating segments which are sales of LCD products and electronic consumer products. The information for each operating segment is as follows:

LCD products	—	manufacture and distribution of LCD and touch panel products
Electronic consumer products	—	manufacture and distribution of electronic consumer products such as compact camera module, personal health care products and electrical devices

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

3. SEGMENT INFORMATION (continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

Six months ended 30 June 2013 (unaudited)

	LCD products HK\$'000	Electronic consumer products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	7,519,683	1,146,335	8,666,018	–	8,666,018
Inter-segment sales	–	319,619	319,619	(319,619)	–
	7,519,683	1,465,954	8,985,637	(319,619)	8,666,018
RESULT					
Segment result	834,671	123,988	958,659	(8,401)	950,258
Finance costs					(35,272)
Unallocated expenses					(14,616)
Profit before tax					900,370

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

3. SEGMENT INFORMATION (continued) Segment revenues and results (continued)

Six months ended 30 June 2012 (unaudited)

	LCD products HK\$'000	Electronic consumer products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	4,801,369	494,713	5,296,082	–	5,296,082
Inter-segment sales	–	152,107	152,107	(152,107)	–
	4,801,369	646,820	5,448,189	(152,107)	5,296,082
RESULT					
Segment result	333,492	22,330	355,822	(4,251)	351,571
Finance costs					(38,067)
Unallocated expenses					(17,306)
Profit before tax					296,198

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

4. FINANCE COSTS

	Six months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Interest on bank and other borrowings wholly repayable within five years	35,272	38,067

5. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Income tax arising in the PRC and other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant law and regulations in the PRC, one of the Company's PRC subsidiaries is classified as an advanced technology entity and entitled to 15% PRC enterprise income tax for the three years 2009 to 2011 and an extension for further three years was approved with effect from 1 January 2012. Another PRC subsidiary of the Company has also been classified as an advanced technology entity with effect from 1 January 2012 for three years but the approval is not obtained until May 2013. Accordingly, PRC enterprise income tax was provided at 25% for this subsidiary for the year ended 31 December 2012. As a result, an overprovision of income tax in respect of prior year of approximately HK\$68,084,000 was recognised during the period.

Pursuant to the PRC Enterprise Income Tax Law and the Detailed Implementation Rules, distribution of the profits earned by the PRC subsidiaries since 1 January 2008 is subject to PRC withholding tax at the applicable tax rate of 5%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Auditor's remuneration	1,400	1,400
Cost of inventories recognised as an expense	6,531,331	4,069,207
Depreciation and amortisation on:		
Property, plant and equipment	299,174	250,911
Technical know-how included in cost of sales	72	69
Trademarks included in cost of sales	–	2
	299,246	250,982
Loss on disposal of property, plant and equipment	20,282	2,755
Reversal of allowance for doubtful debts (Note)	–	(21,050)
Operating lease rental in respect of rented premises	4,109	2,848
Release of prepaid lease payments	1,949	2,050
Staff costs, inclusive of directors' remuneration	702,264	471,380
Other taxes	79,102	31,973

Note: During the six months ended 30 June 2012, the Group received settlement of approximately HK\$21,050,000 from other debtors for debts with allowance previously made. Such reversal of allowance was included in other gains and losses on the condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

7. DIVIDENDS

	Six months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Dividend recognised as distribution during the period:		
2012 Final dividend of 5 HK cents (2011 Final dividend of 2.5 HK cents) per share	140,624	69,201
2013 Interim dividend of 2 HK cents (2012 Interim dividend of 1.5 HK cents) per share	56,365	41,520
	196,989	110,721

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	Six months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	712,645	217,811

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

8. EARNINGS PER SHARE (continued) Number of shares

	2013 '000	2012 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,781,969	2,768,037
Effect of dilutive potential ordinary shares: Share options issued by the Company	111,741	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	2,893,710	2,768,037

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the shares repurchased and shares issued during the current interim period.

The computation of diluted earnings per share for the six months ended 30 June 2012 did not assume the conversion of outstanding share options since the exercise price was higher than the average market price of the Company's shares during that period.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired certain property, plant and equipment amounting to HK\$434,715,000 (six months ended 30 June 2012: HK\$239,985,000).

During the period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$22,459,000 (six months ended 30 June 2012: HK\$2,934,000) for a cash consideration of HK\$2,177,000 (six months ended 30 June 2012: HK\$179,000), resulting in loss on disposal of HK\$20,282,000 (six months ended 30 June 2012: HK\$2,755,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2013 HK\$'000 (unaudited)	31 December 2012 HK\$'000 (audited)
Listed equity shares listed in Taiwan (Note a)	193,229	48,314
Unlisted equity shares, at cost (Note b)	10,500	10,500
Less: impairment loss recognised	(10,500)	(10,500)
	—	—
Total	193,229	48,314

Notes:

- (a) The listed equity investment represents approximately 2% equity interest in a company incorporated in Taiwan with the registered shares listed on the Taiwan Stock Exchange, which are stated at fair value. The fair value of listed equity securities is determined based on quoted market bid price available in the relevant stock exchange. During the current interim period, fair value gain of HK\$144,915,000 (year ended 31 December 2012: fair value gain of HK\$1,584,000) has been recognised.
- (b) The investments represent the unlisted equity shares issued by private entities in Japan. The investments are stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably. The directors had assessed the future cash flows expected to be generated and an impairment loss was fully provided against the cost as at 30 June 2013 and 31 December 2012.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

11. TRADE AND OTHER RECEIVABLES

The Group allows a credit period ranging from 30 to 90 days to its trade customers. The following is an aged analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period, net of the allowance for doubtful debts, at the reporting date:

	30 June 2013			31 December 2012		
	Trade receivables HK\$'000 (unaudited)	Bills receivables HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	Trade receivables HK\$'000 (audited)	Bills receivables HK\$'000 (audited)	Total HK\$'000 (audited)
Within 60 days	3,336,838	302,949	3,639,787	2,275,417	619,502	2,894,919
61 to 90 days	919,367	149,554	1,068,921	419,598	140,055	559,653
More than 90 days	246,041	246,088	492,129	118,640	204,664	323,304
	4,502,246	698,591	5,200,837	2,813,655	964,221	3,777,876
Other receivables, deposits and prepayments			301,019			231,204
			5,501,856			4,009,080

Included in the other receivables are other PRC tax recoverable of HK\$258,378,000 (31 December 2012: HK\$134,740,000).

12. NON-CURRENT ASSETS HELD FOR SALE

	30 June 2013 HK\$'000 (unaudited)	31 December 2012 HK\$'000 (audited)
Leasehold properties in the PRC held under medium-term leases	2,763	2,719

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

13. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2013 HK\$'000 (unaudited)	31 December 2012 HK\$'000 (audited)
Within 60 days	3,287,613	1,699,053
61 to 90 days	516,206	540,104
More than 90 days	130,571	221,081
	3,934,390	2,460,238

14. BANK AND OTHER BORROWINGS, UNSECURED

	30 June 2013 HK\$'000 (unaudited)	31 December 2012 HK\$'000 (audited)
Bank loans	1,691,955	1,710,904
Trust receipt loans	1,551,348	1,375,203
Other loans	102,238	69,053
	3,345,541	3,155,160

During the period, the Group obtained new bank loans amounting to HK\$4,505,267,000 (six months ended 30 June 2012: HK\$2,155,168,000). The Group's borrowings are variable-rate borrowings which carry interest at Hong Kong Interbank Offered Rate or London Interbank Offered Rate plus certain basis points. Interest is repriced every three months and the range of effective interest rates is from 0.96% to 3.06% (2012: 0.99% to 3.10%) per annum. The proceeds are used to repay bank borrowings, finance the daily operation and acquisition of property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

15. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.02 each		
Authorised:		
Balance at 1 January 2012, 31 December 2012 and 30 June 2013	5,000,000,000	100,000
Issued and fully paid:		
Balance at 1 January 2012	2,768,037,398	55,361
Shares repurchased and cancelled	(3,264,000)	(66)
Balance at 31 December 2012	2,764,773,398	55,295
Shares repurchased (Note)	(18,562,000)	(371)
Issue of shares upon exercise of share options	61,452,500	1,229
Balance at 30 June 2013	2,807,663,898	56,153

Note: Subsequently cancelled on 25 July 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

16. SHARE OPTION SCHEMES

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the current period are as follows:

The following table discloses details of the Company's share options held by the employees (including directors):

Date of grant	Exercise price	Exercisable period	Number of options		
			Outstanding at 1.1.2013	Exercised during the period	Outstanding at 30.6.2013
<i>Directors:</i>					
26 February 2004	2.109	27.2.2004 to 21.12.2013	95,425,000	(12,985,000)	82,440,000
15 June 2006	1.742	16.6.2006 to 21.12.2013	49,500,000	–	49,500,000
			144,925,000	(12,985,000)	131,940,000
<i>Employees:</i>					
26 February 2004	2.109	27.2.2004 to 21.12.2013	140,937,500	(48,467,500)	92,470,000
15 June 2006	1.742	16.6.2006 to 21.12.2013	24,750,000	–	24,750,000
			165,687,500	(48,467,500)	117,220,000
			310,612,500	(61,452,500)	249,160,000

The weighted average price of the Company's shares immediately before the dates on which the options were exercised was HK\$4.39.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

17. CAPITAL COMMITMENTS

	30 June 2013 HK\$'000 (unaudited)	31 December 2012 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	303,361	52,162
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	–	84,000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of available-for-sale investment	15,600	–

18. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Short-term benefits	11,080	12,679
Post-employment benefits	55	56
	11,135	12,735

The remuneration of directors and key executives are determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2013

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key input
	30 June 2013	31 December 2012		
Available-for-sale investments in the condensed consolidated statement of financial position	Listed equity securities in Taiwan HK\$193,229,000	Listed equity securities in Taiwan HK\$48,314,000	Level 1	Quoted bid prices in an active market

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

RESULTS

The Group's turnover for the six months ended 30 June 2013 amounted to approximately HK\$8.67 billion (2012: approximately HK\$5.30 billion). Profit for the period attributable to owners of the Company was approximately HK\$713 million (2012: approximately HK\$218 million).

BUSINESS REVIEW AND OUTLOOK

Revenue for the first half year was increased by approximately 63.6% to approximately HK\$8.67 billion (2012: HK\$5.30 billion). The LCD operating segment will continue to be the Group's core business and main growth driver. Significant growth of smart phone related products' sales (including but not limited to LCD module and Touch Panel) are representative examples of the Group in this interim period.

The Group has performed very well during the period, it was mainly attributable to booming smart phone market, hard-working of the management team and employees and other following reasons.

In May 2013, a non-wholly owned subsidiary of the Company in the PRC has successfully entitled to enjoy the preferential treatment on corporate tax by High Technology Enterprises for 3 years commencing from 1 January 2012, the applicable corporate income tax rate for this subsidiary reduced from original 25% to the preferential tax rate of 15% since 2012. Therefore, around HK\$68 million of overstated income tax expense for the year ended 31 December 2012 has been credited to the income tax expense in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 June 2013 because such PRC subsidiary used 25% to accrue PRC corporate income tax for the year ended 31 December 2012. For detail, please refer to the Company's announcement (Voluntary Announcement — Confirmation of Preferential Treatment of Truly Shanwei in Connection with Recognition as High Technology Enterprises) on 30 May 2013.

Government grants of approximately HK\$28 million have been received in the period. There were no specific conditions attached to the grants and, therefore, the Group recognized the grants in profit or loss upon receipt.

A wholly-owned subsidiary of the Company has entered into an Investment Agreement with Buwon Advanced Coating Technology Co., Ltd ("Buwon") in relation to the subsidiary's subscription of certain ordinary shares (around US\$2 million investment) in Buwon.

After the Subscription of Ordinary Shares in Buwon by capital funding in cash, the Group will get the support of approximately 30% to 50% large plate production capacity of 3.5G OGS capacitive touch panel production line from Buwon. The Group obtained production capacity support from Buwon will help the Group to increase forepart production capacity of OGS capacitive touch panel, so as to further strengthen the competitive advantage of OGS capacitive touch panel products. It is expected that the subscription of ordinary shares will be completed in October 2013. For detail of this transaction, please refer to the Company's announcement (Voluntary Announcement — Strategic Investment in Buwon Advanced Coating Technology Co., Ltd.) on 21 June 2013.

The management has gradually materialized their expectation, being made in 2012 interim report and 2012 annual report, of continuing booming growth of smart phone market in 2013. The Group has done well not only significant growth in revenue but also improving the profitability for the first half of 2013 compared to 2012 same period.

The expectation of booming growth of smart phone market, particular in the People's Republic of China ("PRC"), would be maintained in the second half of 2013. Besides, the management would try their best to improve the Group's profitability continuously in the second half of 2013.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's assets and liabilities have been increased by approximately HK\$2,536 million and HK\$1,572 million respectively during the period.

At the balance sheet date, the outstanding bank and other borrowings, net of fixed deposits and cash and bank balances, were HK\$1,739 million (HK\$1,716 million at 31 December 2012). Among the total gross borrowings of HK\$3,346 million, HK\$2,536 million were repayable within a year with the remaining balances repayable within a period of two to four years.

At the balance sheet date, the Group's contracted capital commitments for the acquisition of property, plant and equipment and available-for-sale investment were approximately HK\$319 million (approximately HK\$52 million at 31 December 2012) and will be financed principally from internal reserves and bank loans.

GENERAL

There are approximately 21,000 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 managed.

INTERIM DIVIDENDS

The Directors have resolved to pay a second interim dividend of 3 HK cents per share to shareholders whose names appear on the Register of Members on 9 September 2013. Together with the first interim dividend of 2 HK cents per share to be paid on 5 September 2013, the total interim dividends payable were 5 HK cents per share (2012: 3.5 HK cents). It is expected that the second interim dividend payments will be made to shareholders on 5 December 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 6 September 2013 to 9 September 2013, both dates inclusive, during which period no transfer of shares can be registered. In order to qualify for the second 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 4:30 p.m. on 5 September 2013.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2013, 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\$0.02 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	Beneficial owner	1,201,422,000	42.51%
	Held by spouse (Note 1)	74,844,000	2.65%
		1,276,266,000	45.16%
Wong Pong Chun, James	Beneficial owner	5,165,000	0.18%
	Held by spouse (Note 2)	1,650,000	0.06%
		6,815,000	0.24%
Cheung Tat Sang	Beneficial owner	5,199,000	0.18%
Li Jian Hua	Beneficial owner	14,543,000	0.51%
	Held by spouse (Note 5)	550,000	0.02%
		15,093,000	0.53%

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

(continued)

Long positions (continued)

(b) *Registered capital of the associated corporation of the Company*

Truly Opto-Electronics Limited (Note 3)

Name of director	Capacity	Registered capital contributed (RMB)	Percentage of paid up registered capital of Truly Shanwei %
Lam Wai Wah	Beneficial owner	647,360	0.1904
Wong Pong Chun, James	Beneficial owner	2,590,120	0.7618
Cheung Tat Sang	Beneficial owner	647,360	0.1904
Li Jian Hua (Note 4)	Interest of corporation controlled by the director	647,360	0.1904

(c) *Share options*

Name of director	Capacity	Number of options held	Number of underlying shares
Wong Pong Chun, James	Beneficial owner	44,150,000	44,150,000
Cheung Tat Sang	Beneficial owner	45,440,000	45,440,000
Li Jian Hua	Beneficial owner Held by spouse (Note 5)	18,700,000 23,650,000	18,700,000 23,650,000
		131,940,000	131,940,000

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

(continued)

Long positions (continued)

(c) Share options (continued)

Notes:

1. Lam Wai Wah is deemed to be interested in 74,844,000 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 1,650,000 ordinary shares of the Company, being the interests held beneficially by his spouse, Lai Ching Mui, Stella.
3. Truly Opto-Electronics Limited, a company registered in the People's Republic of China, is an indirect non-wholly owned subsidiary of the Company.
4. Registered capital contributed through Lhasa Development Zone Jianyuan Investment Management Co., Ltd, a company wholly-owned by him.
5. Li Jian Hua is deemed to be interested in 550,000 ordinary shares and 23,650,000 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 2013.

SHARE OPTIONS

Details of the share options outstanding as at 30 June 2013 which have been granted under share option schemes adopted on 22 December 2003 was as follows:

Name	Capacity	Number of options		
		Outstanding at 1.1.2013	Exercised during the period	Outstanding at 30.6.2013
Wong Pong Chun, James	Director	48,950,000	(4,800,000)	44,150,000
Cheung Tat Sang	Director	48,950,000	(3,510,000)	45,440,000
Li Jian Hua	Director	22,825,000	(4,125,000)	18,700,000
Guo Yu Yan	Spouse of Director	24,200,000	(550,000)	23,650,000
		144,925,000	(12,985,000)	131,940,000
Others	Employees	165,687,500	(48,467,500)	117,220,000
		310,612,500	(61,452,500)	249,160,000

Note: No share option has been granted to 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.

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 2013, 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, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions

Ordinary shares of HK\$0.02 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	158,950,000	5.62%
	Held by spouse	54,208,000	1.92%
		213,158,000	7.54%

Note: Chan Kin Sun and his spouse, Cheng Kwan Ying, Jennifer, are deemed to be interested in 213,158,000 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 2013.

PURCHASE, SALE OR REDEMPTION OF SECURITY

During the six months ended 30 June 2013, pursuant to the mandate to repurchase shares of the Company obtained from the Company's shareholders at the annual general meeting of the Company held on 21 May 2013, the Company repurchased an aggregate of 18,562,000 ordinary shares on the Stock Exchange for an aggregate consideration of approximately HK\$63 million and all these shares were subsequently cancelled by the Company and accounted for approximately 0.66% of the total issued share capital of the Company as at 30 June 2013.

Except as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2013.

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.

CORPORATE GOVERNANCE

We have complied with all the applicable code provisions set out in the “Corporate Governance Code” contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2013, 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. 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.

— **Code Provision E.1.2**

The Chairman did not attend the annual general meeting of the Company held on 21 May 2013 due to unexpected important business meeting.

PUBLICATIONS OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement and this 2013 Interim Report are published on the HKExnews website at www.hkexnews.hk and that of the Company at www.truly.com.hk.

By Order of the Board
Lam Wai Wah
Chairman

Hong Kong, 20 August 2013

As at the date of this report, the Board comprised Mr. Lam Wai Wah, Mr. Wong Pong Chun, James, Mr. Cheung Tat Sang 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.