



TRULY[®]

Truly International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00732

2016

INTERIM REPORT

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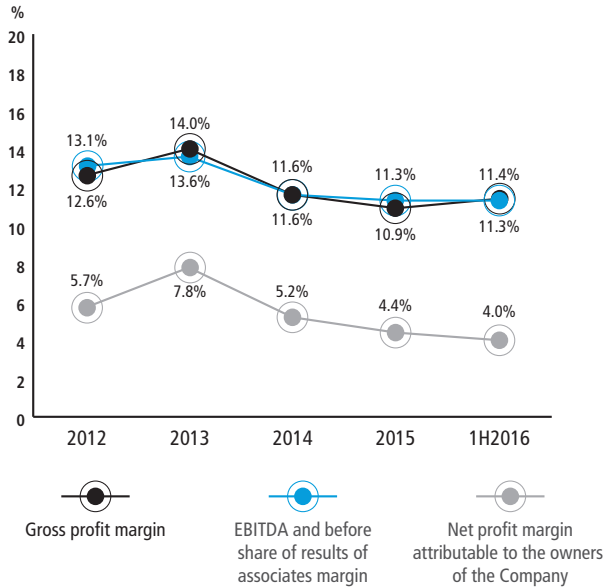
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FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000	Change
Revenue	9,724,986	9,520,166	+2.2%
Gross profit	1,104,284	1,100,350	+0.4%
Profit for the period attributable to the owners of the Company	393,263	448,600	-12.3%
EBITDA and before share of results of associates	1,101,870	1,164,904	-5.4%
Basic EPS (HK cents)	13.53	15.43	-12.3%
DPS (HK cents)			
— First Interim	2	2	—
— Second Interim	3	3	—

FINANCIAL HIGHLIGHTS (continued)

ANALYSIS OF EBITDA AND BEFORE SHARE OF RESULTS OF ASSOCIATES MARGIN, GROSS AND NET PROFIT MARGINS (%)



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
REVENUE	3	9,724,986	9,520,166
Cost of sales		(8,620,702)	(8,419,816)
Gross profit		1,104,284	1,100,350
Other income		42,739	68,686
Other gains and losses		(97,071)	(36,610)
Impairment loss on available-for-sale investments		(3,391)	(8,077)
Administrative expenses		(213,091)	(196,442)
Distribution and selling expenses		(170,592)	(203,655)
Finance costs	4	(58,901)	(50,347)
Share of result of associates		(73,591)	(21,939)
PROFIT BEFORE TAX		530,386	651,966
INCOME TAX EXPENSE	5	(100,864)	(149,952)
PROFIT FOR THE PERIOD	6	429,522	502,014
OTHER COMPREHENSIVE (EXPENSE) INCOME			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(218,499)	(27,713)
Fair value gain (loss) on available-for-sale investments		18,606	(38,463)
Share of exchange differences arising on translation of associates		(1,088)	(2,896)
Other comprehensive expense for the period		(200,981)	(69,072)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		228,541	432,942

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		393,263	448,600
Non-controlling interests		36,259	53,414
		429,522	502,014
Total comprehensive income for the period attributable to:			
Owners of the Company		202,979	380,417
Non-controlling interests		25,562	52,525
		228,541	432,942
EARNINGS PER SHARE			
Basic	8	HK13.53 cents	HK15.43 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	7,084,196	6,968,996
Prepaid lease payments		171,128	181,788
Goodwill		413	413
Interest in associates		1,312,812	1,223,727
Available-for-sale investments	10	91,863	76,648
Deferred tax assets		8,864	8,513
Deposits paid for acquisition of property, plant and equipment		407,429	44,111
		9,076,705	8,504,196
CURRENT ASSETS			
Inventories		2,477,864	1,775,706
Prepaid lease payments		4,751	4,850
Trade and other receivables	11	5,865,188	5,004,135
Tax recoverable		56,311	42,153
Derivative financial instruments		11,626	6,265
Amount due from an associate		546,590	768,600
Restricted bank deposits, bank balances and cash		3,013,510	2,127,856
		11,975,840	9,729,565
Non-current assets held for sale	12	133	683
		11,975,973	9,730,248
CURRENT LIABILITIES			
Trade and other payables	13	5,950,898	5,652,125
Tax liabilities		14,566	1,490
Bank and other borrowings, unsecured	14	3,290,229	2,882,553
Derivative financial instruments		26,374	42,571
		9,282,067	8,578,739
NET CURRENT ASSETS			
		2,693,906	1,151,509
TOTAL ASSETS LESS CURRENT LIABILITIES			
		11,770,611	9,655,705

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2016

	Notes	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Bank and other borrowings, unsecured	14	4,025,341	2,000,056
Deferred tax liabilities		66,503	60,068
		4,091,844	2,060,124
		7,678,767	7,595,581
CAPITAL AND RESERVES			
Share capital	15	58,142	58,142
Share premium and reserves		7,084,999	7,027,375
Equity attributable to owners of the Company		7,143,141	7,085,517
Non-controlling interests		535,626	510,064
Total equity		7,678,767	7,595,581

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share Capital HK\$ '000	Share Premium HK\$ '000	Special Reserve HK\$ '000 (note a)
As at 1 January 2015	58,142	777,925	990
Profit for the period	-	-	-
Other comprehensive expense for the period			
— Exchange differences arising on translation of foreign operations	-	-	-
— Exchange differences arising on translation of an associate	-	-	-
— Fair value loss on available-for-sale investments	-	-	-
Other comprehensive expense for the period	-	-	-
Total comprehensive (expense) income for the period	-	-	-
Dividends recognised as distribution (note 7)	-	-	-
At 30 June 2015 (unaudited)	58,142	777,925	990
Profit for the period	-	-	-
Other comprehensive income for the period			
— Exchange differences arising on translation of foreign operations	-	-	-
— Exchange differences arising on translation of associates	-	-	-
— Fair value loss on available-for-sale investments	-	-	-
Other comprehensive expense for the period	-	-	-
Total comprehensive (expense) income for the period	-	-	-
Transfer	-	-	-
Dividends recognised as distribution (note 7)	-	-	-
At 31 December 2015 (audited)	58,142	777,925	990
Profit for the period	-	-	-
Other comprehensive (expense) income for the period			
— Exchange differences arising on translation of foreign operations	-	-	-
— Exchange differences arising on translation of associates	-	-	-
— Fair value gain on available-for-sale investments	-	-	-
Other comprehensive (expense) income for the period	-	-	-
Total comprehensive (expense) income for the period	-	-	-
Dividends recognised as distribution (note 7)	-	-	-
At 30 JUNE 2016 (unaudited)	58,142	777,925	990

Notes:

- 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.
- Other reserves comprise: (i) the statutory surplus reserve and the enterprise expansion reserve of the subsidiaries

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2016

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 interest HK\$'000	Total HK\$'000
867	831,626	1,135,212	61,283	4,210,861	7,076,906	446,453	7,523,359
-	-	-	-	448,600	448,600	53,414	502,014
-	(26,824)	-	-	-	(26,824)	(889)	(27,713)
-	(2,896)	-	-	-	(2,896)	-	(2,896)
-	-	-	(38,463)	-	(38,463)	-	(38,463)
-	(29,720)	-	(38,463)	-	(68,183)	(889)	(69,072)
-	(29,720)	-	(38,463)	448,600	380,417	52,525	432,942
-	-	-	-	(203,497)	(203,497)	-	(203,497)
867	801,906	1,135,212	22,820	4,455,964	7,253,826	498,978	7,752,804
-	-	-	-	396,822	396,822	30,011	426,833
-	(410,003)	-	-	-	(410,003)	(18,925)	(428,928)
-	4,060	-	-	-	4,060	-	4,060
-	-	-	(13,833)	-	(13,833)	-	(13,833)
-	(405,943)	-	(13,833)	-	(419,776)	(18,925)	(438,701)
-	(405,943)	-	(13,833)	396,822	(22,954)	11,086	(11,868)
-	-	88,623	-	(88,623)	-	-	-
-	-	-	-	(145,355)	(145,355)	-	(145,355)
867	395,963	1,223,835	8,987	4,618,808	7,085,517	510,064	7,595,581
-	-	-	-	393,263	393,263	36,259	429,522
-	(207,802)	-	-	-	(207,802)	(10,697)	(218,499)
-	(1,088)	-	-	-	(1,088)	-	(1,088)
-	-	-	18,606	-	18,606	-	18,606
-	(208,890)	-	18,606	-	(190,284)	(10,697)	(200,981)
-	(208,890)	-	18,606	393,263	202,979	25,562	228,541
-	-	-	-	(145,355)	(145,355)	-	(145,355)
867	187,073	1,223,835	27,593	4,866,716	7,143,141	535,626	7,678,767

established in the People's Republic of China (the "PRC") other than Hong Kong. According to the Articles of 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; and (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 2016

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(340,327)	639,615
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(678,136)	(686,970)
Investment in an associate	(185,871)	(574,960)
Investment in available-for-sale investments	–	(39,155)
Repayment from an associate	233,800	–
Deposits paid for acquisition of property, plant and equipment	(407,429)	(53,022)
Placement of restricted bank deposits	(144,472)	(115,276)
Release of restricted bank deposits	141,404	101,277
Other investing cash flows	32,490	28,496
	(1,008,214)	(1,339,610)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		
Repayment of bank and other borrowings	(2,085,600)	(3,703,036)
Dividends paid	(145,336)	(232,556)
New bank and other borrowings raised	4,520,640	3,397,787
Other financing cash flows	(58,901)	(50,347)
	2,230,803	(588,152)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	882,262	(1,288,147)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,055,200	3,627,224
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	324	(18,410)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	2,937,786	2,320,667

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

The HKICPA has issued certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group. These revised HKFRSs have no significant impact on the interim report of the Group for the periods ended 30 June 2016 and 2015, respectively.

3. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision makers, for the purpose of resources allocation and assessment of performance focuses 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 liquid crystal display (“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, fingerprint identification module, personal health care products and electrical devices

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2016

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 2016 (Unaudited)

	LCD products HK\$'000	Electronic consumer products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	7,634,781	2,090,205	9,724,986	-	9,724,986
Inter-segment sales	-	115,121	115,121	(115,121)	-
	7,634,781	2,205,326	9,840,107	(115,121)	9,724,986
RESULT					
Segment result	603,109	79,172	682,281	(2,763)	679,518
Finance costs					(58,901)
Share of result of associates					(73,591)
Unallocated expenses					(16,640)
Profit before tax					530,386

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2016

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

Six months ended 30 June 2015 (Unaudited)

	LCD products HK\$'000	Electronic consumer products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	8,079,887	1,440,279	9,520,166	–	9,520,166
Inter-segment sales	–	131,609	131,609	(131,609)	–
	8,079,887	1,571,888	9,651,775	(131,609)	9,520,166
RESULT					
Segment result	707,010	38,558	745,568	(3,158)	742,410
Finance costs					(50,347)
Share of result of an associate					(21,939)
Unallocated expenses					(18,158)
Profit before tax					651,966

4. FINANCE COSTS

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Interest on bank and other borrowings wholly repayable within five years	58,901	50,347

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2016

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, two of the Company's PRC subsidiaries were approved as Hi-Tech Enterprise and entitled to 15% PRC enterprise income tax for three years from 2012 to 2014 and the extension for further three years with effect from 1 January 2015 were approved during the current 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 to holding companies incorporated in Hong Kong 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 2016

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Profit for the period has been arrived at after charging:		
Auditor's remuneration	1,615	1,615
Cost of inventories recognised as an expense	7,461,654	7,235,073
Depreciation and amortisation on:		
Property, plant and equipment	438,992	440,605
Technical know-how included in cost of sales	–	47
	438,992	440,652
Loss on disposal of property, plant and equipment	21,022	16,476
Operating lease rental in respect of rented premises	5,428	5,487
Release of prepaid lease payments	2,672	2,495
Staff costs, inclusive of directors' remuneration	893,845	960,446
Other taxes	47,405	32,192

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2016

7. DIVIDENDS

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Dividend recognised as distribution during the period:		
2015 Final dividend of 3 HK cents (2014 Final dividend of 5 HK cents) per share	87,213	145,355
2016 Interim dividend of 2 HK cents (2015 Interim dividend of 2 HK cents) per share	58,142	58,142
	145,355	203,497

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	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	393,263	448,600

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2016

8. EARNINGS PER SHARE (continued)

Number of shares

	2016 '000	2015 '000
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	2,907,099	2,907,099

No diluted earnings per share is presented as there was no significant potential ordinary shares outstanding at the end of 30 June 2016 and 2015, respectively.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired certain property, plant and equipment amounting to HK\$722,247,000 (six months ended 30 June 2015: HK\$825,926,000).

During the period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$21,577,000 (six months ended 30 June 2015: HK\$17,514,000) for a cash consideration of HK\$555,000 (six months ended 30 June 2015: HK\$1,038,000), resulting in loss on disposal of HK\$21,022,000 (six months ended 30 June 2015: HK\$16,476,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2016

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Equity shares listed in Taiwan and Hong Kong (note a)	91,863	76,071
Unlisted equity shares, at cost (note b)	18,624	18,624
Less: Impairment loss recognised	(18,624)	(18,047)
	–	577
Total	91,863	76,648

Notes:

- (a) The investments represent equity interests in companies incorporated in Taiwan and Hong Kong with the registered shares listed on the Taiwan Stock Exchange and the Hong Kong Stock Exchange, which are stated at fair value. The fair value of listed equity securities is determined based on quote market bid price available in the relevant stock exchange. During the current interim period, fair value gain of HK\$18,606,000 and impairment loss HK\$2,814,000 (six months ended 30 June 2015: fair value loss of HK\$38,463,000) have been recognised.
- (b) The investments represent the unlisted equity shares issued by private entities in Japan and Taiwan. 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 HK\$577,000 has been recognised during the period ended 30 June 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2016

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 2016			31 December 2015		
	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	3,419,873	142,369	3,562,242	3,079,486	366,465	3,445,951
61 to 90 days	884,816	108,879	993,695	639,364	99,142	738,506
More than 90 days	656,026	62,362	718,388	445,526	64,954	510,480
	<u>4,960,715</u>	<u>313,610</u>	<u>5,274,325</u>	<u>4,164,376</u>	<u>530,561</u>	<u>4,694,937</u>
Other receivables, deposits and prepayments			<u>590,863</u>			<u>309,198</u>
			<u>5,865,188</u>			<u>5,004,135</u>

Included in other receivables are other PRC tax recoverable of HK\$327,845,000 (31 December 2015: HK\$208,418,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2016

12. NON-CURRENT ASSETS HELD FOR SALE

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Leasehold properties in the PRC held under medium-term leases	133	683

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 2016			31 December 2015		
	Trade payables HK\$'000 (Unaudited)	Bills payables HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Trade payables HK\$'000 (Audited)	Bills payables HK\$'000 (Audited)	Total HK\$'000 (Audited)
Within 60 days	3,376,836	572,686	3,949,522	2,987,179	912,587	3,899,766
61 to 90 days	522,101	426,479	948,580	441,042	2,817	443,859
More than 90 days	332,652	-	332,652	437,304	-	437,304
	4,231,589	999,165	5,230,754	3,865,525	915,404	4,780,929

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2016

14. BANK AND OTHER BORROWINGS, UNSECURED

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Bank loans	5,425,500	3,458,620
Bills discounted with recourse	–	36,469
Trust receipt loans	1,520,860	1,123,187
Other loans	369,210	264,333
	7,315,570	4,882,609

During the period, the Group obtained new bank loans amounting to HK\$4,520,640,000 (six months ended 30 June 2015: HK\$3,397,787,000). The Group's borrowings are variable-rate borrowings which carry interest at Hong Kong Interbank Offered Rate, London Interbank Offered Rate ("LIBOR") or the People's Bank of China's benchmark rate plus certain basis points. Interest is repriced every three months and the range of effective interest rates is at 1.29% to 3.14% (2015: 0.33% to 3.31%) 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 2016

15. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.02 each		
Authorised:		
Balance at 1 January 2015, 31 December 2015 and 30 June 2016	5,000,000,000	100,000
Issued and fully paid:		
Balance at 1 January 2015, 31 December 2015 and 30 June 2016	2,907,099,398	58,142

16. CAPITAL COMMITMENTS

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 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	1,035,130	190,239

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2016

17. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Short-term benefits	16,081	17,182
Post-employment benefits	63	63
	16,144	17,245

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

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities 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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2016

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2016	31 December 2015		
Available-for-sale investments	Assets -HK\$91,863,000	Assets -HK\$76,648,000	Level 1	Quoted bid prices in an active market
Foreign currency swap	Assets -HK\$11,626,000	Assets -HK\$6,265,000	Level 2	Discounted cash flow method
	Liability -HK\$26,374,000	Liability -HK\$42,571,000		

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2016

19. CONTINGENT LIABILITIES

During the year ended 31 December 2015, a subsidiary of the Company is a defendant in a legal action in Italy involving the alleged defective goods manufactured by the subsidiary according to its customers' designs and specifications. The claim above against the subsidiary is approximately Euro7.2 million (equivalent to approximately HK\$62 million) in aggregate. The directors believe, based on legal advice, that the case has legal and factual grounds to defend and therefore it is not probable that losses (including claims for costs) will be incurred. As a result, no provision has been made as at 30 June 2016 and 31 December 2015 in this regard.

In addition, at 30 June 2016, the Group has given corporate guarantee for bank borrowings granted to an associate, 信利(惠州)智能顯示有限公司 ("Truly Huizhou"), with the borrowing limit at approximately HK\$3,484,420,000 (31 December 2015: HK\$3,538,920,000) and the bank loans with the amount of approximately HK\$2,497,443,000 (31 December 2015: HK\$1,478,100,000) were utilized by the associate.

Furthermore, at 30 June 2016, the other shareholder of Truly Huizhou provides corporate guarantee to the above bank borrowings in proportion to its respective ownership interest amounting to approximately HK\$955,943,000 (31 December 2015: HK\$867,035,000). A counter-indemnity in favour of the other shareholder is executed pursuant to which the Group undertakes to indemnify the other shareholder's liabilities arising from the bank borrowings.

The directors assess the risk of default of Truly Huizhou at the end of reporting period and consider the risk to be insignificant and it is less likely that any guaranteed amount will be claimed by the counterparties.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group's revenue for the six months ended 30 June 2016 amounted to approximately HK\$9.72 billion (2015: approximately HK\$9.52 billion). Profit for the Period attributable to owners of the Company was approximately HK\$393 million (2015: approximately HK\$449 million).

BUSINESS REVIEW AND OUTLOOK

Revenue for the first half of 2016 was slightly increased by 2% to HK\$9.72 billion (2015: HK\$9.52 billion). The LCD operating segment (including touch panel and integrated touch module) has been continuing to be the Group's core business. The fingerprint identification module business, which was started mass production in late 2015, was the main growth driver during the period and would grow further in second half of 2016. The revenue performance in the first half of 2016 was matched with the management's expectation. The management expects better performance in revenue growth and profits growth from both the core operating segment businesses and fingerprint identification module business in the second half of 2016.

Although the Group's revenue has been slightly increased during the Period, but Profit attributable to the owners of the Company for the Period has been decreased by 12.3% from approximately HK\$449 million in the first half of 2015 to approximately HK\$393 million in same period in 2016. It was mainly attributable to (i) the exchange loss on Japanese Yen appreciation and Renminbi depreciation during the Period and (ii) sharing the loss results from the associates being increased when compared to last year same period. Along with the trial production of the Huizhou associate of the Company started in the Period, the loss incurred by this associate had been increased by around HK\$50 million when compared to last year same period.

The fingerprint identification module has become popular applied in smartphone since late 2015, the management expects this new product of the Group would continue to be the main growth driver and to contribute for the Group in the second half of 2016.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's assets and liabilities have been increased by approximately HK\$2,818 million and HK\$2,735 million respectively during the Period.

At the balance sheet date, the outstanding bank and other borrowings, net of restricted bank deposits, cash and bank balances, were HK\$4,302 million (HK\$2,755 million at 31 December 2015). Among the total gross borrowings of HK\$7,316 million, HK\$3,290 million were repayable within a year with the remaining balances repayable within a period of two to four years.

The Group has succeeded to enter into a 48 months HK\$4.5 billion term loan facilities agreement with banks in Hong Kong for financing the capital expenditure of the Group such as the construction of the 5th generation of TFT-LCD production line in Shanwei City and the Group's general corporate funding requirements. For detail of this facility agreement, please refer to the Loan Agreement with Specific Performance Covenant announcement of the Company dated 20 June 2016. As at 30 June 2016, the Group had utilised HK\$2.3 billion from this term loan facilities, the management planned that the remaining of HK\$2.2 billion bank loan would be utilised in late 2016 or early 2017. The construction work of the 5th generation of TFT-LCD production line would be expected to start in last quarter of 2016.

Besides, a PRC subsidiary, 信利光電股份有限公司 ("Truly Shanwei"), of the Company has issued the first tranche of domestic corporate bonds on the Shenzhen Stock Exchange on 28 July 2016 with the amount of RMB 750 million to replenish its working capital. For detail of it, please refer to the Inside Information/Issue of Debt Securities announcement of the Company dated 28 July 2016.

CAPITAL COMMITMENTS

At the balance sheet date, the Group's contracted capital commitments for the acquisition of property, plant and equipment were approximately HK\$1,035 million (approximately HK\$190 million at 31 December 2015) and will be financed principally from internal reserves and bank loans.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CONTINGENT LIABILITIES

At the balance sheet date, a claim against a subsidiary of the Group for Euro 7.2 million in aggregate being disclosed in the 2015 annual report, which no progress has occurred during the Period. The directors believe, based on the legal advice, that the case has legal and factual grounds to defend and therefore it is not probable that losses (including claims for costs) will be incurred. As a result, no provision has been made as at 30 June 2016 and 31 December 2015 in this regard.

In addition, at 30 June 2016, the Group has given corporate guarantee for bank borrowings granted to an associate, 信利(惠州)智能顯示有限公司 (“Truly Huizhou”), with the borrowing limit at approximately HK\$3,484,420,000 and the bank loans with the amount of approximately HK\$2,497,443,000 were utilized by the associate.

Furthermore, at 30 June 2016, the other shareholder of Truly Huizhou provides corporate guarantee to the above bank borrowings in proportion to its respective ownership interest amounting to approximately HK\$955,943,000. A counter-indemnity in favour of the other shareholder is executed pursuant to which the Group undertakes to indemnify the other shareholder’s liabilities arising from the bank borrowings.

The directors assess the risk of default of Truly Huizhou at the end of reporting period and consider the risk to be insignificant and it is less likely that any guaranteed amount will be claimed by the counterparties.

PROPOSED SPIN-OFF UPDATE

After termination of the Proposed Transaction, Truly Shanwei has submitted its application with the China Securities Regulatory Commission (“CSRC”) for a separate listing of its shares by way of A Shares listing on the Shenzhen Stock Exchange and CSRC has accepted the said application on 21 March 2016. For detail of it, please refer to the Inside Information announcement dated 22 March 2016.

On 29 June 2016, the Hong Kong Stock Exchange confirmed that the Company may proceed with the Proposed Spin-off and also granted a waiver from strict compliance with the applicable requirements in relation to the assured entitlement under paragraph 3(f) of Practice Note 15 of the Listing Rules. For detail of it, please refer to the Inside Information announcement of the Company dated 4 July 2016.

Further announcements will be made by the Company as and when appropriate in compliance with Listing Rules.

UPDATE ON INVESTMENT IN AN ASSOCIATE — TRULY HUIZHOU

During the Period, Truly Huizhou has increased its Registered Capital by RMB300 million from RMB2,000 million to RMB2,300 million through shareholders' cash contribution in order to strengthen its working capital. The Group has contributed RMB159 million during the period by cash in order to maintain the same shareholding at 53%.

As at 30 June 2016, Truly Huizhou had outstanding short term loans due to the Group with the amount of RMB 300 million plus USD 22 million. In July 2016, Truly Huizhou has repaid USD22 million to the Group.

Truly Huizhou had further utilized RMB832.5 million plus USD8 million during the Period under the bank loans being obtained in November 2015 with the maximum loans limit of RMB2,180 million plus USD120 million. As at 30 June 2016, Truly Huizhou utilized the bank loans with the amount of RMB1,482.5 million and USD98 million. Therefore, the unutilized balance of the bank loans of Truly Huizhou as at 30 June 2016 is RMB697.5 million and USD22 million, which would be expected to be utilized in second half of 2016.

Truly Huizhou's factory construction has been completed during the Period. The trial production of TFT-LCD panel and AMOLED panel have been started in May 2016 and in July 2016 respectively. The management expects mass production of TFT-LCD panel and AMOLED panel to be started by the end of August 2016 and by the end of September 2016 respectively.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

The Group has entered into the L5-Equipment Sales Agreement to purchase the 5th generation TFT-LCD production line equipment and color filter production line equipment with the amount of USD50,880,000 to build up a 5th generation TFT-LCD production line factory in PRC. For detail of it, please refer to the Discloseable Transaction L5-Equipment Sales Agreement Announcement of the Company dated 22 January 2016. Besides, the Group has entered into the L5-Equipment Disassembly and Assembly Services Agreement and the L5-Equipment Transportation, Packing and Warehouse Keeping Services Agreement on 11 March 2016 with the amount of USD36,220,000 and USD35,260,000 respectively for the certain services including disassembly and assembly of the Equipment for the fifth generation TFT-LCD production line with color filter production line. For detail of it, please refer to the Discloseable Transactions L5-Equipment Disassembly and Assembly Services agreement and L5-Equipment Transportation, Packing and Warehouse Keeping Services Agreement announcement of the Company dated 11 March 2016.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

SIGNIFICANT INVESTMENTS AND ACQUISITIONS (continued)

On 31 March 2016, the Group further entered into the L5 Second Phase Equipment Sales Agreement to purchase more the 5th generation TFT-LCD production line equipment with the amount of USD31,300,000. For detail of it, please refer to the Discloseable Transaction L5 Second Phase Equipment Sales Agreement announcement of the Company dated 31 March 2016.

On 5 July 2016, the Group has entered into L5 Second Phase Equipment Disassembly Services Agreement for certain Second Phase Equipment disassembly services with the amount of USD12,316,000. For detail of it, please refer to the Discloseable Transaction L5 Second Phase Equipment Disassembly Services Agreement announcement of the Company dated 5 July 2016.

Except the above disclosed, there has been no other significant investments and acquisitions during the six months ended 30 June 2016.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions or material disposal of subsidiaries and associated companies for the six months ended 30 June 2016.

GENERAL

There are approximately 24,000 workers and employees currently employed in the Group's Shan Wei factory and around 100 staff in our Hong Kong office.

Exposure to fluctuations in exchange rates will be considered to hedge, if any. The remuneration policy was in line with current legislation, market conditions and both individual and company performance.

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 5 September 2016. Together with the first interim dividend of 2 HK cents per share to be paid on 8 September 2016, the total interim dividends payable were 5 HK cents per share (2015: 5 HK cents). It is expected that the second interim dividend payments will be made to shareholders on 5 December 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed on 5 September 2016 during which day 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 Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 2 September 2016.

OTHER INFORMATION (continued)

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2016, 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	1,219,722,000	41.96%
	Held by spouse (Note 1)	74,844,000	2.57%
		1,294,566,000	44.53%
Wong Pong Chun, James	Beneficial owner	15,649,000	0.54%
	Held by spouse (Note 2)	1,650,000	0.06%
		17,299,000	0.60%
Cheung Tat Sang	Beneficial owner	6,129,000	0.21%
Li Jian Hua	Beneficial owner	12,979,000	0.45%
	Held by spouse (Note 5)	22,500	0.00%
		13,001,500	0.45%

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 ("Truly Shanwei") (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

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 22,500 ordinary shares 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 2016.

OTHER INFORMATION (continued)

SHARE OPTION SCHEME

During the period under review, the Company has not adopted any share option scheme.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed above under the heading “Directors’ Interests in Shares and Underlying Shares”, 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 2016, 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	5.47%
	Held by spouse	54,208,000	1.86%
		213,158,000	7.33%

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 2016.

PURCHASE, SALE OR REDEMPTION OF SECURITY

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 2016.

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. They meet at least four times a year.

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 2016, except for major deviations 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 A.6.7

Mr. Chung Kam Kwong, an independent non-executive director of the Company, was unable to attend the annual general meeting of the Company held on 20 May 2016 due to prior business commitment.

OTHER INFORMATION (continued)

CORPORATE GOVERNANCE (continued)

— Code Provision E.1.2

The Chairman did not attend the annual general meeting of the Company held on 20 May 2016 due to unexpected important business meeting.

PUBLICATIONS OF INTERIM RESULTS AND INTERIM REPORT

This 2016 interim results announcement and this 2016 Interim Report are published on the HKExnews website at www.hkexnews.hk and on the website of the Company at www.truly.com.hk.

By Order of the Board
Lam Wai Wah
Chairman

Hong Kong, 18 August 2016

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