

TRULY®

Truly International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 00732



Interim Report 2010

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Financial Results

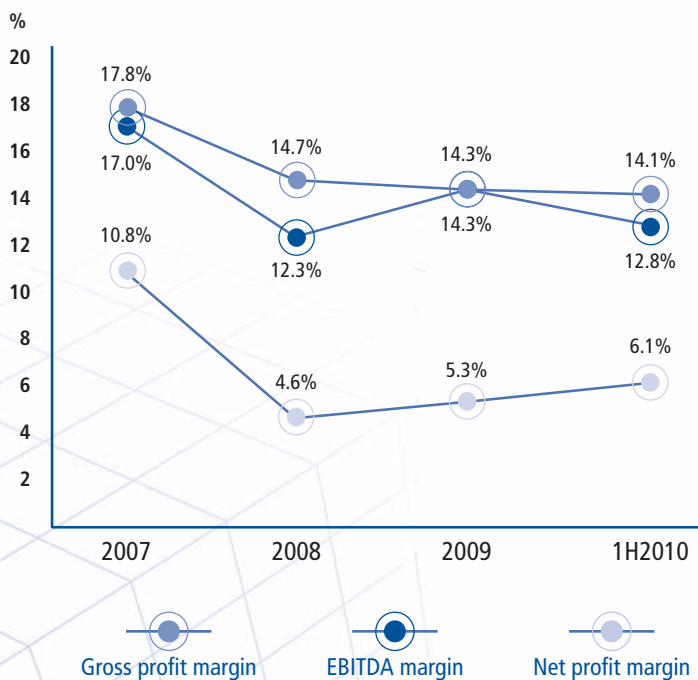
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Financial Highlights

For the six months ended 30 June

	2010 Unaudited HK\$'000	2009 Unaudited HK\$'000	Change %
Revenue	3,325,141	2,493,363	+33
Gross profit	425,551	366,912	+16
Profit for the period	202,555	180,169	+12
Basic EPS	42.0 HK cents	38.1 HK cents	+10

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



The Chairman's Statement

Thanks to our previous shifting of marketing strategy from merely handset applications to more diversified areas such as automotives, industrial, medical equipment, etc, I am glad to announce a record breaking first half year revenue for 2010 amounting to approximately HK\$3.3 billion (2009: HK\$2.5 billion). After a healthy consolidation of sales in May and June, we are still positive at the market environment and believe there would be a sustainable growth opportunity ahead.

Despite the breakthrough in revenue, the Group's gross profit margin (12.8%) during the period was still under tremendous pressure due to high depreciation charge in our TFT panel facilities and overall huge factory operating costs. Bearing all these in mind, our engineering and production teams have been working extremely hard to reduce the negative impacts on the overall performance of the Group. I am also very pleased to learn that the TFT production lines have exceeded their optimal monthly productivity of 50,000 pieces of substrate during the interim period. We are now seriously considering ramp up the facilities by investing around USD20 million to increase the production capacity by two-third. We believe after the move, the problem in enhancing the gross and net profit margins of our TFT businesses would be resolved to a very large extent through the achievement of economies of scales.

Being a marketing oriented businessman myself, I am always eager to formulate and implement various strategic game plans in sales and marketing. After a successful exploration of the European and US markets in respect of automotive and industrial display applications, my next focus will be on emerging areas such as India and top tier multinational brands. Together with a more aggressive pricing and cost-effective strategy going forward, I am confident of improving the bottom line of the Group's results in the very near future.

The recent financial tsunami and the 1997 financial crisis were good lessons to many investors and sound warnings to entrepreneurs who used to do business with prudence like us. Our good and long-term business relationships with customers, suppliers and bankers are vital elements to support our stable and sustainable growth both in revenue and returns to shareholders. Recently, a couple of major local banks with international networks have signified their willingness to enhance the banking relationships with Truly not only on scale but on a wider range of services. With their expertise in mitigating foreign currency risks including RMB, we will be able to expand our business worldwide without too much exposure to money market volatility.

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

Lam Wai Wah, Steven
Chairman

Hong Kong, 24 August 2010

Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 June 2010

	Notes	Six months ended 30 June	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
REVENUE		3,325,141	2,493,363
Cost of sales		(2,899,590)	(2,126,451)
Gross profit		425,551	366,912
Other income		9,039	9,158
Distribution and selling costs		(58,143)	(44,074)
Administrative expenses		(122,352)	(90,949)
PROFIT FROM OPERATIONS	2	254,095	241,047
Finance costs	3	(17,540)	(19,878)
PROFIT BEFORE TAXATION		236,555	221,169
INCOME TAX EXPENSE	4		
– Hong Kong		(10,000)	(5,000)
– Overseas		(24,000)	(36,000)
		(34,000)	(41,000)
PROFIT FOR THE PERIOD		202,555	180,169
OTHER COMPREHENSIVE INCOME			
Exchange differences arising on translation of foreign operations		30,247	50,045
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		232,802	230,214

Condensed Consolidated Statement of Comprehensive Income (continued)

Six months ended 30 June 2010

		Six months ended 30 June	
	Notes	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Profit for the period attributable to:			
Equity holders of the Company		202,555	180,163
Minority interests		–	6
		202,555	180,169
Total comprehensive income attributable to:			
Equity holders of the Company		232,802	230,208
Minority interests		–	6
		232,802	230,214
INTERIM DIVIDENDS		70,453	56,746
EARNINGS PER SHARE			
Basic	5	42.0 HK cents	38.1 HK cents
Diluted		42.0 HK cents	38.1 HK cents

Condensed Consolidated Statement of Financial Position

At 30 June 2010

	Notes	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		4,156,726	4,168,872
Prepaid lease payments		153,223	151,647
Intangible assets		8,416	11,417
Goodwill		413	413
Deferred tax assets		8,283	8,225
Deposits paid for acquisition of property, plant and equipment		4,054	24,992
		4,331,115	4,365,566
CURRENT ASSETS			
Inventories		721,997	692,870
Trade and other receivables	6	981,951	1,048,155
Bank balances and cash		545,186	503,086
Tax recoverable		33,133	33,079
Loans receivable		–	17,045
		2,282,267	2,294,235
CURRENT LIABILITIES			
Trade and other payables	7	807,270	1,057,693
Tax liabilities		23,763	45,087
Bank and other borrowings, unsecured		1,443,834	1,963,286
		2,274,867	3,066,066
NET CURRENT ASSETS/(LIABILITIES)		7,400	(771,831)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,338,515	3,593,735

Condensed Consolidated Statement of Financial Position (continued)

At 30 June 2010

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
Bank and other borrowings, unsecured	348,774	74,784
Deferred tax liabilities	35,270	34,897
	384,044	109,681
	3,954,471	3,484,054
CAPITAL AND RESERVES		
Share capital	50,322	47,294
Share premium and reserves	3,904,087	3,436,698
Equity attributable to equity holders of the Company	3,954,409	3,483,992
Minority interests	62	62
Total equity	3,954,471	3,484,054

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2010

	Six months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Total shareholders' funds as at 1 January	3,484,054	3,246,105
Profit for the period	202,555	180,169
Other comprehensive income for the period:		
Exchange differences arising on translation	30,247	50,045
Total comprehensive income for the period:	232,802	230,214
Net proceeds from placement of new shares	237,028	–
Shares issued at premium	587	–
Dividend paid	–	(4,729)
Total shareholders' funds as at 30 June	3,954,471	3,471,590

Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2010

	Six months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Net cash from operating activities	201,622	120,425
Net cash used in investing activities	(136,307)	(29,382)
Net cash used in financing activities	(25,387)	(223,323)
Net increase/(decrease) in cash and cash equivalents	39,928	(132,280)
Cash and cash equivalents at beginning of the period	503,086	687,389
Effect of foreign exchange rate changes	2,172	71
Cash and cash equivalents at end of the period – represented by bank balances and cash	545,186	555,180

Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance 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 "Stock Exchange") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretation ("new and revised HKFRSs") issued by the HKICPA:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HK (IFRIC*) – Int 17	Distributions of non-cash assets to owners

* *IFRIC represents the International Financial Reporting Interpretations Committee.*

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group applies HKFRS 3 (Revised) “Business Combinations” prospectively to business combinations for which the acquisition date is on or after 1 January 2010. As there was no transaction during the current interim period in which HKFRS 3 (Revised) is applicable, the application of HKFRS 3 (Revised) and the consequential amendments to other HKFRSs had no impact on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The application of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related party disclosures ⁴
HKAS 32 (Amendment)	Classification of rights issues ²
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters ³
HKFRS 9	Financial instruments ⁵
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement ⁴
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

² Effective for annual periods beginning on or after 1 February 2010.

³ Effective for annual periods beginning on or after 1 July 2010.

⁴ Effective for annual periods beginning on or after 1 January 2011.

⁵ Effective for annual periods beginning on or after 1 January 2013.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company (the "Directors") anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

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

2. PROFIT FROM OPERATIONS

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

	Six months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Depreciation on fixed assets	213,019	244,180
Amortisation on development expenditure	3,001	3,505
Staff costs, inclusive of directors' remuneration	258,817	184,183

3. FINANCE COSTS

	Six months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	17,540	19,878

4. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the period.

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

5. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Earnings for the purposes of basic and diluted earnings per share	202,555	180,163
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	481,753,000	472,880,000
Effect of dilutive share options	790,000	106,000
Weighted average number of ordinary shares for the purposes of diluted earnings per share	482,543,000	472,986,000

Notes to Condensed Consolidated Financial Statements (continued)

6. TRADE AND OTHER RECEIVABLES

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

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Aged analysis of trade receivables:		
Within 60 days	607,482	794,191
61 to 90 days	69,158	6,635
More than 90 days	2,367	21,754
	679,007	822,580
Deposits, prepayments and others	302,944	225,575
	981,951	1,048,155

7. TRADE AND OTHER PAYABLES

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Aged analysis of trade payables:		
Within 60 days	314,924	372,472
61 to 90 days	157,271	164,608
More than 90 days	133,977	90,464
	606,172	627,544
Other payables and accrued charges	201,098	430,149
	807,270	1,057,693

Management Discussion and Analysis

RESULTS

The Group's turnover for the six months ended 30 June 2010 amounted to HK\$3.33 billion (2009: HK\$2.49 billion). Profit for the period was HK\$203 million (2009: HK\$180 million).

SEGMENT INFORMATION

For management review, reporting and decision making purposes, the Group is currently organised into two operating divisions – LCD products and electronic consumer products. These divisions are the basis on which the Group reports its primary segment information. This information is reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance focuses more specifically on the categories of products and locations of the customers. The Group's reportable segments under HKFRS 8 are therefore as follows:

LCD products – manufacture and distribution of LCD products

Electronic consumer products – manufacture and distribution of electronic consumer products.

Segment information about these businesses is presented below:

	Six months ended 30 June 2010		Six months ended 30 June 2009	
	Revenue HK\$'000	Contribution HK\$'000	Revenue HK\$'000	Contribution HK\$'000
By business segments:				
LCD products	3,138,808	240,041	2,454,742	221,611
Electronic consumer products	186,333	14,250	38,621	18,572
	3,325,141	254,291	2,493,363	240,183
Interest income from bank deposits		84		1,295
Unallocated corporate expenses		(280)		(431)
Profit from operations		254,095		241,047

Management Discussion and Analysis (continued)

The Group's manufacturing operation is located in the PRC. The sales and marketing functions are located at all reportable segments as listed below.

The revenue and contribution of the Group, analysed by location of customers, are as follows:

	Six months ended 30 June 2010		Six months ended 30 June 2009	
	Revenue HK\$'000	Contribution HK\$'000	Revenue HK\$'000	Contribution HK\$'000
By geographical segments:				
The People's Republic of China	2,401,178	183,630	1,956,050	180,793
South Korea	516,587	39,506	214,531	19,647
Japan	89,583	6,851	43,349	3,913
Hong Kong	122,638	9,379	152,054	16,934
Europe	83,919	6,418	46,734	6,932
Elsewhere	111,236	8,507	80,645	11,964
	3,325,141	254,291	2,493,363	240,183
Interest income from bank deposits		84		1,295
Unallocated corporate expenses		(280)		(431)
Profit from operations		254,095		241,047

BUSINESS REVIEW AND OUTLOOK

Sales for the first half year were up by more than 33% to around HK\$3.3 billion (2009: HK\$2.5 billion). The market condition was seen to recover from the recent economic downturn especially in demand of telecommunication and electronic consumer products. Automotive segment in the US and Europe was performing better and better and an upward trend has been established during the period. Revenue from South Korea was maintained at its peak level and the related order books are promising.

During the period, LCD business accounted for more than 94% of the Group's turnover. The sales mix was more or less the same as last year with TFT products accounting for 58%, CSTN representing 20%, mono TN and STN together of 22%. The LCD operating segment will continue to be the Group's core business and main growth driver as more and more product diversifications are on the marketing agenda. A major breakthrough in automotive display sales is a representative example in the past period and we are seeing a similar repetition of success in the upcoming LCD driven 3-D glasses business.

One of the significant drawbacks of the huge business growth opportunity as aforesaid is the new heavy investments required especially in additions to production facilities and the increased manufacturing costs. While keeping a positive view on the increased volume of operations and future revenue, we are also taking a more prudent action on cost control and more effective use of materials and man power. Production planning and marketing teams are now more closely integrated to work out the best costing structure to achieve the optimal operating and financial results for the Group on one hand and improve the cash flows for the Group's sustainable growth on the other.

To cater for the ever-changing business environment, a more dynamic marketing workforce is needed. The overseas desk in our sales division has undergone restructuring during the past couple of years. Having a well established long-term relationship with existing key customers, the Group is now ready to explore new business opportunity from other major brand-names in the market place. New and independent marketing task forces are commissioned to accomplish the goal and are expected to have positive feedbacks in one to two year's time.

Management Discussion and Analysis (continued)

LIQUIDITY AND FINANCIAL RESOURCES

There were no material changes in the assets and liabilities of the Group as at 30 June 2010 compared to the last financial year end at 31 December 2009, except a change in the current ratio back to a healthy level of approximately 1.0 time.

At the balance sheet date, the outstanding bank and other borrowings, net of cash and bank balances, were HK\$1,247 million (HK\$1,535 million at 31 December 2009). Among the total gross borrowings of HK\$1,793 million, HK\$1,444 million were repayable within a year with the remaining balances repayable within a period of two to three years.

Capital expenditure of approximately HK\$360 million for the next three years in respect of acquisition of property, plant and equipment was authorized but not contracted for. Their expected sources of funding will be principally from internal reserves.

GENERAL

The share capital of the Company was increased by HK\$3,028,000 by the placement of 30,000,000 new shares and the exercise of 280,000 staff options during the period.

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

Except for investments in subsidiaries, neither the Group nor the Company had held any material investments during the six months ended 30 June 2010.

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

There are approximately 16,000 workers and employees currently employed in the Group's Shan Wei factory and around 90 staff in our Hong Kong office.

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

Other Information

INTERIM DIVIDENDS

The Directors have resolved to pay a second interim dividend of 9 HK cents per share to shareholders whose names appear on the Register of Members on 17 September 2010. Together with the first interim dividend of 5 HK cents per share paid on 28 July 2010, the total interim dividends paid and payable were 14 HK cents per share (2009: 12 HK cents). It is expected that the second interim dividend payments will be made to shareholders on 4 October 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 15 September 2010 to 17 September 2010, 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 14 September 2010.

Other Information (continued)

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2010, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions

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

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lam Wai Wah, Steven	Beneficial owner	209,404,000	41.61%
	Held by spouse (Note 1)	13,608,000	2.70%
		223,012,000	44.31%
Wong Pong Chun, James	Beneficial owner	7,970,000	1.58%
	Held by spouse (Note 2)	300,000	0.06%
		8,270,000	1.64%
Cheung Tat Sang, James	Beneficial owner	758,000	0.15%
Li Jian Hua	Beneficial owner	1,612,000	0.32%

Other Information (continued)

(b) Share options

Name of director	Capacity	Number of options held	Number of underlying shares
Lam Wai Wah, Steven	Beneficial owner	–	–
Wong Pong Chun, James	Beneficial owner	8,900,000	8,900,000
Cheung Tat Sang, James	Beneficial owner	8,965,000	8,965,000
Li Jian Hua	Beneficial owner	4,150,000	4,150,000
	Held by spouse (Note 3)	4,400,000	4,400,000
		26,415,000	26,415,000

Notes:

1. Lam Wai Wah, Steven is deemed to be interested in 13,608,000 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 300,000 ordinary shares of the Company, being the interests held beneficially by his spouse, Lai Ching Mui, Stella.
3. Li Jian Hua is deemed to be interested in 4,400,000 share options of the Company, being the interests held beneficially by his spouse, Guo Yu Yan.

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as at 30 June 2010.

Other Information (continued)

SHARE OPTIONS

Details of the share options outstanding as at 30 June 2010 which have been granted under share option schemes adopted respectively on 22 May 2001, 22 December 2003 and 15 June 2006 were as follows:

Name	Capacity	Number of options outstanding at 1.1.10	Exercised (Note 1)	Number of options outstanding at 30.6.10
Lam Wai Wah, Steven (Note 2)	Director/ Substantial shareholder	–	–	–
Wong Pong Chun, James	Director	8,900,000	–	8,900,000
Cheung Tat Sang, James	Director	9,240,000	(275,000)	8,965,000
Li Jian Hua	Director	4,150,000	–	4,150,000
Guo Yu Yan	Spouse of Director	4,400,000	–	4,400,000
		26,690,000	(275,000)	26,415,000
Others	Employees	30,130,000	(5,000)	30,125,000
		56,820,000	(280,000)	56,540,000

Notes:

- 280,000 share options were exercised during the six months ended 30 June 2010 under the old share option scheme adopted on 22 May 2001 at an exercise price of HK\$2.196.
- Other than the share options previously held by Lam Wai Wah, Steven, no share option has been granted to other substantial shareholders.

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

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 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of Lam Wai Wah, Steven, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions

Ordinary shares of HK\$0.1 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Chan Kin Sun (Note)	Beneficial owner	28,900,000	5.74%
	Held by spouse	9,856,000	1.96%
		38,756,000	7.70%
Chan Lai Lan	Beneficial owner	25,896,000	5.15%

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

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2010.

PURCHASE, SALE OR REDEMPTION OF SECURITY

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

MODEL CODE

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

AUDIT COMMITTEE

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

REMUNERATION AND NOMINATION COMMITTEES

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

CORPORATE GOVERNANCE

We have complied with all the applicable code provisions set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2010, except for a major deviation as below:

– **Code Provision A.2.1**

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

PUBLICATIONS OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement and this 2010 Interim Report are published on the website of the Exchange at www.hkex.com.hk and that of the Company at www.truly.com.hk.

By Order of the Board
Lam Wai Wah, Steven
Chairman

Hong Kong, 24 August 2010

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