

The background of the cover features a light gray hexagonal grid pattern. Overlaid on this are several large, white-bordered hexagonal shapes that appear to be floating or cut out from the grid. Each hexagon contains a different color gradient and a faint, glowing grid pattern. The colors transition from blue and purple at the top to red and orange in the middle, and finally to green and yellow at the bottom. The overall aesthetic is modern and technological.

TRULY[®]

Truly International Holdings Limited

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

2014

INTERIM
REPORT



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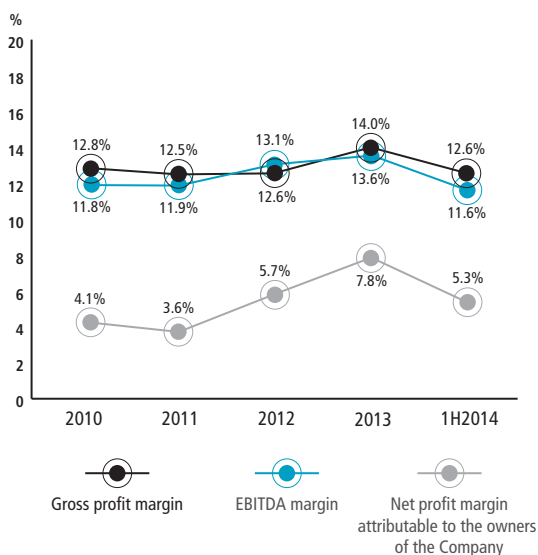
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FINANCIAL HIGHLIGHTS

For the six months ended 30 June

	2014 Unaudited HK\$'000	2013 Unaudited HK\$'000	Change
Revenue	9,524,490	8,666,018	+9.9%
Gross profit	1,195,422	1,205,269	-0.8%
Profit for the period attributable to the owners of the Company	503,158	712,645	-29.4%
EBITDA	1,106,603	1,234,888	-10.4%
Basic EPS (HK cents)	17.26	25.62	-32.6%
DPS (HK cents)			
— First Interim	2	2	—
— Second Interim	5	3	+66.7%

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



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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 23, which comprise the condensed consolidated statement of financial position as of 30 June 2014 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.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	NOTES	Six months ended 30 June	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	3	9,524,490	8,666,018
Cost of sales		(8,329,068)	(7,460,749)
Gross profit		1,195,422	1,205,269
Other income		34,372	49,582
Other gains and losses		(56,089)	40,798
Administrative expenses		(205,975)	(235,371)
Distribution and selling expenses		(194,037)	(124,636)
Finance costs	4	(42,555)	(35,272)
Share of result of an associate		(2,269)	–
Profit before tax		728,869	900,370
Income tax expense	5	(168,885)	(115,591)
Profit for the period	6	559,984	784,779
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		(240,919)	164,405
Fair value gain on available-for-sale investments		15,317	144,915
Other comprehensive (expense) income for the period		(225,602)	309,320
Total comprehensive income for the period		334,382	1,094,099
Profit for the period attributable to:			
Owners of the Company		503,158	712,645
Non-controlling interests		56,826	72,134
		559,984	784,779
Total comprehensive income for the period attributable to:			
Owners of the Company		285,487	1,013,703
Non-controlling interests		48,895	80,396
		334,382	1,094,099
EARNINGS PER SHARE	8		
Basic		HK17.26 cents	HK25.62 cents
Diluted		N/A	HK24.63 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	NOTES	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	5,794,388	5,517,293
Prepaid lease payments		148,978	154,498
Intangible assets		119	191
Goodwill		413	413
Interest in an associate		745,931	153,480
Available-for-sale investments	10	193,979	178,662
Deferred tax assets		9,017	9,227
Deposits paid for acquisition of property, plant and equipment		59,611	56,736
		6,952,436	6,070,500
CURRENT ASSETS			
Inventories		2,149,543	1,489,150
Prepaid lease payments		4,148	4,161
Trade and other receivables	11	5,569,196	5,908,389
Tax recoverable		428	437
Fixed deposits		226,449	–
Bank balances and cash		1,900,052	2,805,714
		9,849,816	10,207,851
Non-current assets held for sale	12	2,516	2,580
		9,852,332	10,210,431
CURRENT LIABILITIES			
Trade and other payables	13	5,249,225	5,029,234
Tax liabilities		60,349	83,534
Bank and other borrowings, unsecured	14	3,339,865	2,949,189
		8,649,439	8,061,957

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2014

	NOTES	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
NET CURRENT ASSETS		1,202,893	2,148,474
TOTAL ASSETS LESS CURRENT LIABILITIES		8,155,329	8,218,974
NON-CURRENT LIABILITIES			
Bank and other borrowings, unsecured	14	971,229	934,631
Deferred tax liabilities		68,008	57,487
		1,039,237	992,118
		7,116,092	7,226,856
CAPITAL AND RESERVES			
Share capital	15	58,224	58,392
Share premium and reserves		6,686,237	6,845,728
Equity attributable to owners of the Company		6,744,461	6,904,120
Non-controlling interests		371,631	322,736
Total equity		7,116,092	7,226,856

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Special reserve HK\$'000 (note a)
At 1 January 2013 (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 investments	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Issue of shares upon exercise of share options	1,229	128,375	-	-
Dividends recognised as distribution (note 7)	-	-	-	-
Share repurchased and cancelled	(371)	(62,701)	-	-
At 30 June 2013 (unaudited)	56,153	611,194	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 investments	-	-	-	-
Other comprehensive income (expense) for the period	-	-	-	-
Total comprehensive income (expense) for the period	-	-	-	-
Transfer	-	-	-	-
Issue of share upon exercise of share options	2,337	238,339	(10,000)	-
Dividends recognised as distribution (note 7)	-	-	-	-
Share repurchased and cancelled	(98)	(17,055)	-	-
At 31 December 2013 (audited)	58,392	832,478	-	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 investments	-	-	-	-
Other comprehensive (expense) income for the period	-	-	-	-
Total comprehensive (expense) income for the period	-	-	-	-
Dividends recognised as distribution (note 7)	-	-	-	-
Share repurchased and cancelled	(168)	(37,097)	-	-
At 30 June 2014 (unaudited)	58,224	795,381	-	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 Association of the PRC subsidiaries, a percentage of net profit as reported in the PRC statutory accounts should be

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2014

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
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
-	-	-	-	907,345	907,345	76,143	983,488
-	89,689	-	-	-	89,689	3,149	92,838
-	-	-	(29,907)	-	(29,907)	-	(29,907)
-	89,689	-	(29,907)	-	59,782	3,149	62,931
-	89,689	-	(29,907)	907,345	967,127	79,292	1,046,419
-	-	162,367	-	(162,367)	-	-	-
-	-	-	-	6,667	237,343	-	237,343
-	-	-	-	(143,682)	(143,682)	-	(143,682)
98	-	-	-	(98)	(17,153)	-	(17,153)
617	1,026,669	1,007,390	116,592	3,860,992	6,904,120	322,736	7,226,856
-	-	-	-	503,158	503,158	56,826	559,984
-	(232,988)	-	-	-	(232,988)	(7,931)	(240,919)
-	-	-	15,317	-	15,317	-	15,317
-	(232,988)	-	15,317	-	(217,671)	(7,931)	(225,602)
-	(232,988)	-	15,317	503,158	285,487	48,895	334,382
-	-	-	-	(407,881)	(407,881)	-	(407,881)
168	-	-	-	(168)	(37,265)	-	(37,265)
785	793,681	1,007,390	131,909	3,956,101	6,744,461	371,631	7,116,092

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 2014

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES	758,952	647,654
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(718,021)	(469,206)
Placement of fixed deposits	(226,449)	(136,549)
Withdrawal of fixed deposits	–	214,294
Investment in an associate	(598,560)	–
Deposits paid for acquisition of property, plant and equipment	(59,611)	(71,305)
Other investing cash flows	19,347	10,841
	(1,583,294)	(451,925)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		
Repayment of bank and other borrowings	(2,341,139)	(4,314,886)
Dividends paid	(407,881)	(181,280)
New bank and other borrowings raised	2,769,710	4,505,267
Payment on repurchase of shares	(37,265)	(63,072)
Proceeds from issue of shares	–	129,604
Other financing cash flows	(42,555)	(35,272)
	(59,130)	40,361
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(883,472)	236,090
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,805,714	1,330,711
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(22,190)	9,407
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	1,900,052	1,576,208

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

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.

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 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013.

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

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities*;
- Amendment to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*;
- Amendments to HKAS 36 *Recoverable Amount Disclosures of Non-Financial Assets*;
- Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*; and
- HK (IFRIC)-Int 21 *Levies*.

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2014

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 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, personal health care products and electrical devices

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 2014 (unaudited)

	LCD products HK\$'000	Electronic consumer products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	8,357,016	1,167,474	9,524,490	–	9,524,490
Inter-segment sales	–	124,800	124,800	(124,800)	–
	8,357,016	1,292,274	9,649,290	(124,800)	9,524,490
RESULT					
Segment result	721,502	65,133	786,635	(3,000)	783,635
Finance costs					(42,555)
Share of result of an associate					(2,269)
Unallocated expenses					(9,942)
Profit before tax					728,869

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2014

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

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

4. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank and other borrowings wholly repayable within five years	42,555	35,272

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2014

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 was approved as Hi-Tech Enterprise and entitled to 15% PRC enterprise income tax for three years from 2012 to 2014. Another PRC subsidiary of the Company has also been classified as Hi-Tech Enterprise with effect from 1 January 2012 for three years but the approval was 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 the year ended 31 December 2012 of approximately HK\$68,084,000 was recognised in prior 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 2014

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Auditor's remuneration	1,400	1,400
Cost of inventories recognised as an expense	7,348,585	6,531,331
Depreciation and amortisation on:		
Property, plant and equipment	332,838	299,174
Technical know-how included in cost of sales	72	72
	332,910	299,246
Loss on disposal of property, plant and equipment	12,744	20,282
Operating lease rental in respect of rented premises	5,709	4,109
Release of prepaid lease payments	2,461	1,949
Staff costs, inclusive of directors' remuneration	840,291	702,264
Other taxes	63,367	79,102

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2014

7. DIVIDENDS

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Dividend recognised as distribution during the period:		
2013 Final dividend of 12 HK cents (2012 Final dividend of 5 HK cents) per share	349,586	140,624
2014 Interim dividend of 2 HK cents (2013 Interim dividend of 2 HK cents) per share	58,295	56,365
	407,881	196,989

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	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	503,158	712,645

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2014

8. EARNINGS PER SHARE (continued)

Number of shares

	2014 '000	2013 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,914,580	2,781,969
Effect of dilutive potential ordinary shares: Share options issued by the Company	N/A	111,741
Weighted average number of ordinary shares for the purposes of diluted earnings per share	N/A	2,893,710

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

The share option scheme adopted by the Company on 22 December 2003 expired on 21 December 2013 and all the then outstanding share options granted under the share option scheme lapsed on the expiry date.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired certain property, plant and equipment amounting to HK\$774,757,000 (six months ended 30 June 2013: HK\$434,715,000).

During the period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$14,717,000 (six months ended 30 June 2013: HK\$22,459,000) for a cash consideration of HK\$1,973,000 (six months ended 30 June 2013: HK\$2,177,000), resulting in loss on disposal of HK\$12,744,000 (six months ended 30 June 2013: HK\$20,282,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2014

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Equity shares listed in Taiwan (note a)	193,979	178,662
Unlisted equity shares, at cost (note b)	10,500	10,500
Less: Impairment loss recognised	(10,500)	(10,500)
	—	—
Total	193,979	178,662

Notes:

- (a) The investments represent equity interests in companies 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 quote market bid price available in the relevant stock exchange. During the current interim period, fair value gain of HK\$15,317,000 (six months ended 30 June 2013: HK\$144,915,000) 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 2014 and 31 December 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2014

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 2014			31 December 2013		
	Trade	Bills	Total	Trade	Bills	Total
	receivables	receivables		receivables	receivables	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)	(audited)	
Within 60 days	4,399,685	127,678	4,527,363	3,363,216	552,743	3,915,959
61 to 90 days	337,526	63,057	400,583	889,367	84,349	973,716
More than 90 days	147,978	33,407	181,385	384,903	110,481	495,384
	4,885,189	224,142	5,109,331	4,637,486	747,573	5,385,059
Other receivables, deposits and prepayments			459,865			523,330
			5,569,196			5,908,389

Included in the other receivables are other PRC tax recoverable of HK\$263,650,000 (31 December 2013: HK\$340,368,000).

12. NON-CURRENT ASSETS HELD FOR SALE

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Leasehold properties in the PRC held under medium-term leases	2,516	2,580

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2014

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 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 60 days	3,483,617	3,185,779
61 to 90 days	554,025	639,650
More than 90 days	203,254	377,666
	4,240,896	4,203,095

14. BANK AND OTHER BORROWINGS, UNSECURED

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Bank loans	2,874,973	2,209,726
Trust receipt loans	1,321,826	1,591,079
Other loans	114,295	83,015
	4,311,094	3,883,820

During the period, the Group obtained new bank loans amounting to HK\$2,769,710,000 (six months ended 30 June 2013: HK\$4,505,267,000). 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 0.93% to 6.34% (2013: 0.96% to 6.15%) 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 2014

15. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.02 each		
Authorised:		
Balance at 1 January 2013, 31 December 2013 and 30 June 2014	5,000,000,000	100,000
Issued and fully paid:		
Balance at 1 January 2013	2,764,773,398	55,295
Exercise of share options	178,298,000	3,566
Share repurchased and cancelled	(23,478,000)	(469)
Balance at 31 December 2013	2,919,593,398	58,392
Share repurchased and cancelled	(8,376,000)	(168)
Balance at 30 June 2014	2,911,217,398	58,224

16. CAPITAL COMMITMENTS

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 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	595,086	286,058
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of contribution to an associate	-	613,920

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2014

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	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Short-term benefits	7,773	11,080
Post-employment benefits	60	55
	7,833	11,135

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 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 2014

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key input
	30 June 2014	31 December 2013		
Available-for-sale investments in the condensed consolidated statement of financial position	Listed equity securities in Taiwan HK\$193,979,000	Listed equity securities in Taiwan HK\$178,662,000	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.

19. CONTINGENT LIABILITIES

During the year ended 31 December 2013, 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\$77 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 2014 and 31 December 2013 in this regard.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group's turnover for the six months ended 30 June 2014 amounted to approximately HK\$9.52 billion (2013: approximately HK\$8.67 billion). Profit for the period attributable to owners of the Company was approximately HK\$503 million (2013: approximately HK\$713 million).

BUSINESS REVIEW AND OUTLOOK

Revenue for the first half year was increased by approximately 9.9% to approximately HK\$9.52 billion (2013: HK\$8.67 billion). The LCD operating segment (including touch panel and integrated touch module) has been continuing to be the Group's core business and main growth driver. However, the revenue growth in the first half year was not up to the management's expectation at the beginning of the year because the Group's major customers have not grown too much during the Period. One of the reasons was owing to shortage of supply of 4G smart phone's chips in the market during the Period. Furthermore, the 3G smart phone demand in PRC market had been gradually reduced because of the new age of 4G TD-LTE started since last quarter 2013.

Although the Group's revenue has been increased during the Period, but Profit attributable to the owners of the Company for the Period has been decreased by 29.4% from approximately HK\$712 million in year 2013 interim period to approximately HK\$503 million in the Period. It is mainly attributable to the reasons of (i) an overprovision of income tax in respect of prior year being recognised in 2013 (HK\$68 million) and (ii) gross margin dropped; both of these two reasons have published in the Company's Profit Warning Announcement dated on 4 August 2014, and other following reasons.

Other gains and losses during the Period was decreased significantly from net gain of approximately HK\$40.8 million in last year same period to net loss of approximately HK\$56.1 million by HK\$96.9 million. It was mainly because of net exchange difference effect. The Group had occurred net exchange gain in the same period last year owing to depreciation of Japanese Yen and appreciation of Renminbi but the Group has incurred net exchange loss in the Period owing to depreciation of Renminbi.

The expectation of continuing growth of smart phone market, particular in the People's Republic of China ("PRC"), would be maintained in the second half of 2014 because of 4G TD-LTE network being successfully launched in PRC since the fourth quarter 2013. Besides, the management would try their best to improve the Group's profitability in the second half of 2014 through improving the production capacity utilization rate and increase in revenue to enjoy the effect of economic of scale and to reduce the burden of higher fixed cost from increasing production capacity since second half last year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's assets and liabilities have been increased by approximately HK\$524 million and HK\$635 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 approximately HK\$2,185 million (HK\$1,078 million at 31 December 2013). Among the total gross borrowings of HK\$4,311 million, HK\$3,340 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 was approximately HK\$595 million (approximately HK\$286 million at 31 December 2013) and will be financed principally from internal reserves and bank loans.

The capital commitment for the investment in an associated company as at 31 December 2013 of approximately HK\$614 million has been fully paid during the period.

PROPOSED SPIN-OFF UPDATE

Under Practice Note 15 of the Listing Rules, the Proposed Spin-off requires the approval from, among others, the Stock Exchange. The Company has received a confirmation from the Stock Exchange on 15 July 2014 that the Company may proceed with the Proposed Spin-off. For detail of the relevant announcement, please refer to the Company's announcement of "Update on Proposed Spin-off and Separate Listing of Truly Shanwei on a Stock Exchange in the PRC Possible Deemed Disposal of Interest in Subsidiary" dated 15 July 2014.

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

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

GENERAL

There are approximately 27,000 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 except for the claim against a subsidiary of the Group for Euro 7.2 million in aggregate being disclosed in the 2013 annual report, which no progress have occurred during the period. 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 2014 and 31 December 2013 in this regard.

Exposure to fluctuations in exchange rates has been properly managed. 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 5 HK cents per share to shareholders whose names appear on the Register of Members on 8 September 2014. Together with the first interim dividend of 2 HK cents per share to be paid on 5 September 2014, the total interim dividends payable were 7 HK cents per share (2013: 5 HK cents). It is expected that the second interim dividend payments will be made to shareholders on 5 December 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed on 8 September 2014 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 5 September 2014.

OTHER INFORMATION (continued)

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2014, 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	41.27%
	Held by spouse (Note 1)	74,844,000	2.57%
		1,276,266,000	43.84%
Wong Pong Chun, James	Beneficial owner	29,423,000	1.01%
	Held by spouse (Note 2)	1,650,000	0.06%
		31,073,000	1.07%
Cheung Tat Sang	Beneficial owner	6,129,000	0.21%
Li Jian Hua	Beneficial owner	7,845,000	0.27%
	Held by spouse (Note 5)	22,500	0.00%
		7,867,500	0.27%

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:

- 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.
- 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.
- Truly Opto-Electronics Limited, a company registered in the People's Republic of China, is an indirect non-wholly owned subsidiary of the Company.
- Registered capital contributed through Lhasa Development Zone Jianyuan Investment Management Co., Ltd, a company wholly-owned by him.
- 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 2014.

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 2014, 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	5.46%
	Held by spouse	54,208,000	1.86%
		213,158,000	7.32%

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 2014.

PURCHASE, SALE OR REDEMPTION OF SECURITY

During the six months ended 30 June 2014, pursuant to the mandates 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 and 21 May 2014, the Company repurchased an aggregate of 8,376,000 ordinary shares on the Stock Exchange for an aggregate consideration of approximately HK\$37 million and all these shares were cancelled during the Period by the Company and accounted for approximately 0.29% of the total issued share capital of the Company as at 30 June 2014.

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 2014.

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.

OTHER INFORMATION (continued)

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 2014, 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.5.6

The nomination committee should have a policy concerning diversity of board members, and should disclose the policy in the corporate governance report. During the Period, the Nomination Committee of the Company has set up a board diversity policy after discussion and consideration. On 20 August 2014, the Nomination Committee and the Board of the Company has adopted the board diversity policy of the Company. The Company has complied with the Code Provision A.5.6 since then.

— Code Provision E.1.2

The Chairman did not attend the annual general meeting of the Company held on 21 May 2014 due to unexpected important business meeting.

PUBLICATIONS OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement and this 2014 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, 20 August 2014

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.