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## TRULY INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00732)**

### ANNOUNCEMENT OF 2010 ANNUAL RESULTS

#### FINANCIAL HIGHLIGHTS

|                         | <b>For the year ended<br/>31 December</b> |                 |                     |
|-------------------------|-------------------------------------------|-----------------|---------------------|
|                         | <b>2010</b>                               | <b>2009</b>     |                     |
|                         | <b>HK\$'000</b>                           | <b>HK\$'000</b> | <b>Change<br/>%</b> |
| Revenue                 | <b>7,735,711</b>                          | 5,804,184       | +33.3               |
| Gross profit            | <b>910,586</b>                            | 828,094         | +10.0               |
| Profit for the year     | <b>314,956</b>                            | 307,333         | +2.5                |
| EBITDA                  | <b>989,733</b>                            | 830,537         | +19.2               |
| EPS ( <i>Remark 1</i> ) |                                           |                 |                     |
| – Basic                 | <b>HK\$0.63</b>                           | HK\$0.65        | -3.1                |
| – Diluted               | <b>HK\$0.63</b>                           | HK\$0.65        | -3.1                |
| DPS ( <i>Remark 2</i> ) |                                           |                 |                     |
| – Interim               | <b>HK\$0.22</b>                           | HK\$0.17        |                     |
| – Final                 | <b>HK\$0.01</b>                           | HK\$0.10        |                     |

*Remark 1:*

The calculation of basic earnings per share and diluted earnings per share have not reflected the subdivision of ordinary shares and bonus ordinary shares as approved in the extraordinary general meeting held on 19 January 2011.

*Remark 2:*

The interim dividends in aggregate of 22 HK cents (2009: 17 HK cents) per share amounting to approximately HK\$110.72 million were paid and payable in 2010 to shareholders on the register of members of the Company at the close of business on 25 June 2010, 17 September 2010 and 19 January 2011, based on 503,219,527, 503,269,527 and 503,269,527 ordinary shares in issue respectively.

The final dividend of 1 HK cent per share based on 2,767,982,398 ordinary shares after subdivision of shares and bonus ordinary shares (which took place in January 2011) in respect of the year ended 31 December 2010 (2009: final dividend of 10 HK cents, based on 503,179,527 in respect of the year ended 31 December 2009) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

## THE CHAIRMAN'S STATEMENT

In 2010, I am glad to report to our shareholders that we have achieved our annual double digit growth target in revenue which was made last year. It has reached approximately HK\$7,736 million in 2010 and represented an increase by approximately 33.3% compared to 2009. Along with global economy recovery, the Group's revenue has broken a new record in the year of 2010. It is also attributable from the global heat of smart phone. Multi-touch capacitive touch panel is one of important reasons for the success of smart phone in 2010. Our liquid crystal display (LCD), capacitive touch panel and high resolution Compact Camera Module (CCM) products have obtained benefits from the successful and mature global smart phone market. We believe there would be a sustainable growth opportunity ahead particular in China.

Despite the breakthrough of the Group's turnover in 2010, the Group's gross profit margin (11.77%) during the year was still under pressure due to moderate increase in PRC workers' wages and significant appreciation of Japanese Yen for raw materials being purchased during the year. We were not able to transfer most of these increased costs immediately to our customers. We expect that we are able to improve the group's profit margin by uplifting of average selling prices in 2011.

We have approved to increase the authorized capital of the Company from HK\$65 million to HK\$100 million and a one-to-five share subdivision by passing the ordinary resolutions at the extraordinary general meeting held on 19 January 2011. We believe that it can help to improve the liquidity in the trading of the subdivided shares, thereby enabling the Company to attract more investors and broaden its shareholders' base. You can refer to our poll results announcement on 19 January 2011 for detail.

For enhancing our production capacity and meeting our customers' need, Hong Kong Truly Semiconductors Limited (HK Truly Semiconductors), the Company's indirectly wholly-owned subsidiary, entered into (1) Subscription Agreement and (2) the Sale and Purchase memorandum of understanding with HannStar Display Corporation (HannStar), a company listed on Taiwan Stock Exchange, in relation to HK Semiconductors' subscription of certain ordinary shares in HannStar, and the supply of certain products including TFT panels and sensors for capacitive touch panel by HannStar to HK Truly Semiconductors on 19 January 2011. For detail of them, you can refer to our discloseable transaction announcement on 19 January 2011.

On behalf of the Board of Directors, I would take this opportunity to thank our management team and all Board members for their hard work and dedication. I would also like to express my gratitude to our shareholders, business partners, and banks for their continuous support to the Group.

**Lam Wai Wah, Steven**  
*Chairman*

Hong Kong, 29 March 2011

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 December 2010*

|                                                | <i>NOTES</i> | <b>2010</b><br><b>HK\$'000</b> | 2009<br><i>HK\$'000</i> |
|------------------------------------------------|--------------|--------------------------------|-------------------------|
| Revenue                                        | 4            | <b>7,735,711</b>               | 5,804,184               |
| Cost of sales                                  |              | <b>(6,825,125)</b>             | (4,976,090)             |
| Gross profit                                   |              | <b>910,586</b>                 | 828,094                 |
| Other income                                   | 6            | <b>37,937</b>                  | 25,587                  |
| Other gains and losses                         | 7            | <b>(36,768)</b>                | (101,840)               |
| Administrative expenses                        |              | <b>(231,653)</b>               | (186,450)               |
| Distribution and selling expenses              |              | <b>(147,524)</b>               | (110,302)               |
| Finance costs                                  | 8            | <b>(43,414)</b>                | (46,643)                |
| Profit before tax                              |              | <b>489,164</b>                 | 408,446                 |
| Income tax expense                             | 9            | <b>(174,208)</b>               | (101,113)               |
| Profit for the year                            | 10           | <b>314,956</b>                 | 307,333                 |
| <b>Other comprehensive income for the year</b> |              |                                |                         |
| Exchange differences arising on translation    |              | <b>75,330</b>                  | 15,611                  |
| Total comprehensive income for the year        |              | <b>390,286</b>                 | 322,944                 |
| <b>EARNINGS PER SHARE</b>                      | 12           |                                |                         |
| Basic                                          |              | <b>HK\$0.63</b>                | HK\$0.65                |
| Diluted                                        |              | <b>HK\$0.63</b>                | HK\$0.65                |

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 31 December 2010*

|                                                                   | <i>NOTES</i> | <b>31.12.2010</b><br><b>HK\$'000</b> | 31.12.2009<br><i>HK\$'000</i><br>(restated) | 1.1.2009<br><i>HK\$'000</i><br>(restated) |
|-------------------------------------------------------------------|--------------|--------------------------------------|---------------------------------------------|-------------------------------------------|
| <b>NON-CURRENT ASSETS</b>                                         |              |                                      |                                             |                                           |
| Property, plant and equipment                                     |              | <b>4,228,878</b>                     | 4,177,670                                   | 4,223,040                                 |
| Prepaid lease payments                                            |              | <b>153,895</b>                       | 143,062                                     | 120,832                                   |
| Intangible assets                                                 |              | <b>5,710</b>                         | 11,417                                      | 18,307                                    |
| Goodwill                                                          |              | <b>413</b>                           | 413                                         | 413                                       |
| Available-for-sale investments                                    |              | <b>–</b>                             | –                                           | 5,250                                     |
| Deferred tax assets                                               |              | <b>8,451</b>                         | 8,225                                       | 754                                       |
| Deposits paid for acquisition of property,<br>plant and equipment |              | <b>32,613</b>                        | 24,992                                      | 28,908                                    |
|                                                                   |              | <b>4,429,960</b>                     | 4,365,779                                   | 4,397,504                                 |
| <b>CURRENT ASSETS</b>                                             |              |                                      |                                             |                                           |
| Inventories                                                       |              | <b>748,872</b>                       | 692,870                                     | 708,344                                   |
| Prepaid lease payments                                            |              | <b>3,730</b>                         | 3,452                                       | 3,500                                     |
| Loans receivable                                                  |              | <b>–</b>                             | 17,045                                      | 53,479                                    |
| Trade and other receivables                                       | <i>13</i>    | <b>1,853,826</b>                     | 1,044,490                                   | 649,718                                   |
| Tax recoverable                                                   |              | <b>12,148</b>                        | 33,079                                      | 56,997                                    |
| Derivative financial instruments                                  |              | <b>–</b>                             | –                                           | 2,752                                     |
| Bank balances and cash                                            |              | <b>851,945</b>                       | 503,086                                     | 687,915                                   |
|                                                                   |              | <b>3,470,521</b>                     | 2,294,022                                   | 2,162,705                                 |
| Non-current assets held for sale                                  |              | <b>14,535</b>                        | –                                           | –                                         |
|                                                                   |              | <b>3,485,056</b>                     | 2,294,022                                   | 2,162,705                                 |
| <b>CURRENT LIABILITIES</b>                                        |              |                                      |                                             |                                           |
| Trade and other payables                                          | <i>14</i>    | <b>1,566,786</b>                     | 1,050,279                                   | 1,103,723                                 |
| Tax liabilities                                                   |              | <b>97,165</b>                        | 45,087                                      | 59,369                                    |
| Derivative financial instruments                                  |              | <b>1,746</b>                         | 7,414                                       | 8,731                                     |
| Bank and other borrowings, unsecured                              |              | <b>1,653,287</b>                     | 2,023,295                                   | 2,092,055                                 |
| Bank overdrafts, unsecured                                        |              | <b>–</b>                             | –                                           | 526                                       |
|                                                                   |              | <b>3,318,984</b>                     | 3,126,075                                   | 3,264,404                                 |
| <b>NET CURRENT ASSETS (LIABILITIES)</b>                           |              | <b>166,072</b>                       | (832,053)                                   | (1,101,699)                               |
| <b>TOTAL ASSETS LESS CURRENT<br/>LIABILITIES</b>                  |              | <b>4,596,032</b>                     | 3,533,726                                   | 3,295,805                                 |

|                                                         | <i>NOTES</i> | <b>31.12.2010</b><br><b>HK\$'000</b> | 31.12.2009<br><i>HK\$'000</i><br>(restated) | 1.1.2009<br><i>HK\$'000</i><br>(restated) |
|---------------------------------------------------------|--------------|--------------------------------------|---------------------------------------------|-------------------------------------------|
| <b>NON-CURRENT LIABILITIES</b>                          |              |                                      |                                             |                                           |
| Bank and other borrowings, unsecured                    |              | <b>610,185</b>                       | 14,775                                      | 20,564                                    |
| Deferred tax liabilities                                |              | <b>35,442</b>                        | 34,897                                      | 29,136                                    |
|                                                         |              | <b>645,627</b>                       | 49,672                                      | 49,700                                    |
|                                                         |              | <b>3,950,405</b>                     | 3,484,054                                   | 3,246,105                                 |
| <b>CAPITAL AND RESERVES</b>                             |              |                                      |                                             |                                           |
| Share capital                                           |              | <b>50,327</b>                        | 47,294                                      | 47,288                                    |
| Share premium and reserves                              |              | <b>3,900,078</b>                     | 3,436,698                                   | 3,198,755                                 |
| Equity attributable to equity holders<br>of the Company |              | <b>3,950,405</b>                     | 3,483,992                                   | 3,246,043                                 |
| Non-controlling interest                                |              | –                                    | 62                                          | 62                                        |
| Total equity                                            |              | <b>3,950,405</b>                     | 3,484,054                                   | 3,246,105                                 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2010*

## 1. GENERAL

The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company. The Company is a public limited company with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The ultimate controlling party is Mr. Lam Wai Wah, Steven. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “General Information” to the annual report.

The functional currency of the Company is United States dollars. The consolidated financial statements are presented in Hong Kong dollars which is different from the functional currency of the Company, as the directors of the Company consider that Hong Kong dollars is the most appropriate presentation currency in view of its place of listing.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the business of manufacture and sale of liquid crystal display (“LCD”) products and electronic consumer products including personal health care products and electrical devices.

## 2. APPLICATION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new or revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial period beginning on 1 January 2010.

|                           |                                                                                                                                 |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| HKFRSs (Amendments)       | Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008                                                                     |
| HKFRSs (Amendments)       | Improvements to HKFRSs 2009                                                                                                     |
| HKAS 27 (Revised in 2008) | Consolidated and Separate Financial Statements                                                                                  |
| HKAS 39 (Amendment)       | Eligible Hedged Items                                                                                                           |
| HKFRS 2 (Amendment)       | Group Cash-settled Share-based Payment Transactions                                                                             |
| HKFRS 3 (Revised in 2008) | Business Combinations                                                                                                           |
| HK(IFRIC) – INT 17        | Distributions of Non-cash Assets to Owners                                                                                      |
| HK – INT 5                | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |

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

### **HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) Consolidated and Separate Financial Statements**

The Group applies HKFRS 3 (Revised) “Business Combinations” prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) “Consolidated and Separate Financial Statements” in relation to accounting for the Group’s changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there is no transaction during the current year to which HKFRS 3 (Revised) is applicable and the transaction resulting in a deemed disposal of interests in a subsidiary to which HKAS 27 (Revised) applies is not significant to the Group, the application of HKFRS 3 (Revised) and HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting years.

Results of the Group in future periods may be affected by future transactions to which HKFRS 3 (Revised) and HKAS 27 (Revised) and the consequential amendments to other HKFRSs are applicable.

#### **Amendment to HKAS 17 Leases**

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and present the leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17 that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions of HKAS 17 Leases, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information which existed at the inception of these leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payments to property, plant, and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of HK\$9,011,000 and HK\$8,798,000 as at 1 January 2009 and 31 December 2009 respectively being reclassified to property, plant and equipment.

As at 31 December 2010, leasehold land that qualifies for finance lease classification with the carrying amount of HK\$8,585,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss or earnings per share for the current and prior years.

#### **Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause**

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ('HK Int 5') clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK\$60,009,000 and HK\$100,005,000 have been reclassified from non-current liabilities to current liabilities as at 31 December 2009 and 1 January 2009 respectively. As at 31 December 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK\$93,677,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss or earnings per share for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities.

## Summary of the effects of the above change in accounting policies

The effects of the above changes in accounting policies on the financial positions of the Group as at 1 January 2009 and 31 December 2009 is as follows:

|                                                      | As at<br>1.1.2009<br>(originally<br>stated)<br>HK\$'000 | Adjustments<br>HK\$'000 | As at<br>1.1.2009<br>(restated)<br>HK\$'000 | As at<br>31.12.2009<br>(originally<br>stated)<br>HK\$'000 | Adjustments<br>HK\$'000 | As at<br>31.12.2009<br>(restated)<br>HK\$'000 |
|------------------------------------------------------|---------------------------------------------------------|-------------------------|---------------------------------------------|-----------------------------------------------------------|-------------------------|-----------------------------------------------|
| Property, plant and equipment                        | 4,214,029                                               | 9,011                   | 4,223,040                                   | 4,168,872                                                 | 8,798                   | 4,177,670                                     |
| Prepaid lease payment,<br>non-current                | 129,630                                                 | (8,798)                 | 120,832                                     | 151,647                                                   | (8,585)                 | 143,062                                       |
| Prepaid lease payment, current                       | 3,713                                                   | (213)                   | 3,500                                       | 3,665                                                     | (213)                   | 3,452                                         |
| Bank and other borrowing,<br>unsecured – current     | (1,992,050)                                             | (100,005)               | (2,092,055)                                 | (1,963,286)                                               | (60,009)                | (2,023,295)                                   |
| Bank and other borrowing,<br>unsecured – non-current | (120,569)                                               | 100,005                 | (20,564)                                    | (74,784)                                                  | 60,009                  | (14,775)                                      |
| Total effect on assets and<br>liabilities            | <u>2,234,753</u>                                        | <u>–</u>                | <u>2,234,753</u>                            | <u>2,286,114</u>                                          | <u>–</u>                | <u>2,286,114</u>                              |

### 3. POTENTIAL IMPACT ARISING ON THE NEW OR REVISED ACCOUNTING STANDARDS NOT YET EFFECTIVE

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

|                                   |                                                                          |
|-----------------------------------|--------------------------------------------------------------------------|
| HKFRSs (Amendments)               | Improvements to HKFRSs 2010 <sup>2</sup>                                 |
| HKAS 12 (Amendments)              | Deferred Tax: Recovery of Underlying Assets <sup>6</sup>                 |
| HKAS 24 (Revised)                 | Related Party Disclosures <sup>4</sup>                                   |
| HKAS 32 (Amendment)               | Classification of Right Issues <sup>1</sup>                              |
| HKFRS 7 (Amendments)              | Disclosures – Transfers of Financial Assets <sup>5</sup>                 |
| HKFRS 9                           | Financial Instruments <sup>7</sup>                                       |
| HK(IFRIC) – INT 14<br>(Amendment) | Prepayments of a Minimum Funding Requirement <sup>4</sup>                |
| HK(IFRIC) – INT 19                | Extinguishing Financial Liabilities with Equity Instruments <sup>3</sup> |

<sup>1</sup> Effective for annual periods beginning on or after 1 February 2010

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>7</sup> Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.



Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the financial year ending 31 December 2013. Based on the Group's financial assets and financial liabilities as at 31 December 2010, the application of the new standard is not expected to have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

The directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

#### 4. REVENUE

Revenue represents the gross proceeds received and receivable on the sale of goods during the year, net of sales tax, trade discounts and returns, and is analysed as follows:

|                                       | <b>2010</b><br><b>HK\$'000</b> | 2009<br><b>HK\$'000</b> |
|---------------------------------------|--------------------------------|-------------------------|
| Sales of LCD products                 | <b>7,147,133</b>               | 5,587,175               |
| Sales of electronic consumer products | <b>588,578</b>                 | 217,009                 |
|                                       | <b><u>7,735,711</u></b>        | <b><u>5,804,184</u></b> |

#### 5. SEGMENT INFORMATION

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

|                              |   |                                                                                                                           |
|------------------------------|---|---------------------------------------------------------------------------------------------------------------------------|
| LCD products                 | – | manufacture and distribution of LCD products                                                                              |
| Electronic consumer products | – | manufacture and distribution of electronic consumer products such as 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 segment:

*For the year ended 31 December 2010*

|                      | <b>LCD<br/>products<br/>HK\$'000</b> | <b>Electronic<br/>consumer<br/>products<br/>HK\$'000</b> | <b>Segment<br/>total<br/>HK\$'000</b> | <b>Eliminations<br/>HK\$'000</b> | <b>Consolidated<br/>HK\$'000</b> |
|----------------------|--------------------------------------|----------------------------------------------------------|---------------------------------------|----------------------------------|----------------------------------|
| REVENUE              |                                      |                                                          |                                       |                                  |                                  |
| External sales       | 7,147,133                            | 588,578                                                  | 7,735,711                             | –                                | 7,735,711                        |
| Inter-segment sales  | –                                    | 181,146                                                  | 181,146                               | (181,146)                        | –                                |
|                      | <u>7,147,133</u>                     | <u>769,724</u>                                           | <u>7,916,857</u>                      | <u>(181,146)</u>                 | <u>7,735,711</u>                 |
| RESULT               |                                      |                                                          |                                       |                                  |                                  |
| Segment result       | <u>498,381</u>                       | <u>25,762</u>                                            | <u>524,143</u>                        | <u>(4,627)</u>                   | 519,516                          |
| Unallocated expenses |                                      |                                                          |                                       |                                  | <u>(30,352)</u>                  |
| Profit before tax    |                                      |                                                          |                                       |                                  | <u>489,164</u>                   |

*For the year ended 31 December 2009*

|                      | <b>LCD<br/>products<br/>HK\$'000</b> | <b>Electronic<br/>consumer<br/>products<br/>HK\$'000</b> | <b>Segment<br/>total<br/>HK\$'000</b> | <b>Eliminations<br/>HK\$'000</b> | <b>Consolidated<br/>HK\$'000</b> |
|----------------------|--------------------------------------|----------------------------------------------------------|---------------------------------------|----------------------------------|----------------------------------|
| REVENUE              |                                      |                                                          |                                       |                                  |                                  |
| External sales       | 5,587,175                            | 217,009                                                  | 5,804,184                             | –                                | 5,804,184                        |
| Inter-segment sales  | –                                    | 157,702                                                  | 157,702                               | (157,702)                        | –                                |
|                      | <u>5,587,175</u>                     | <u>374,711</u>                                           | <u>5,961,886</u>                      | <u>(157,702)</u>                 | <u>5,804,184</u>                 |
| RESULT               |                                      |                                                          |                                       |                                  |                                  |
| Segment result       | <u>402,366</u>                       | <u>34,306</u>                                            | <u>436,672</u>                        | <u>(10,161)</u>                  | 426,511                          |
| Unallocated expenses |                                      |                                                          |                                       |                                  | <u>(18,065)</u>                  |
| Profit before tax    |                                      |                                                          |                                       |                                  | <u>408,446</u>                   |

## Geographical information

The following table set out information about (i) the Group's revenue from external customers by location of customers and (ii) the Group's non-current assets by location of assets.

|             | Revenue from<br>external customers |                  | Non-current assets     |                        |                      |
|-------------|------------------------------------|------------------|------------------------|------------------------|----------------------|
|             | 2010<br>HK\$'000                   | 2009<br>HK\$'000 | 31.12.2010<br>HK\$'000 | 31.12.2009<br>HK\$'000 | 1.1.2009<br>HK\$'000 |
| PRC         | 5,450,319                          | 4,180,328        | 4,359,578              | 4,305,747              | 4,355,703            |
| South Korea | 1,277,092                          | 993,976          | –                      | 81                     | 87                   |
| Japan       | 233,640                            | 125,847          | –                      | –                      | –                    |
| Hong Kong   | 347,741                            | 170,439          | 61,926                 | 51,713                 | 35,710               |
| Europe      | 156,905                            | 126,017          | –                      | –                      | –                    |
| Others      | 270,014                            | 207,577          | 5                      | 13                     | –                    |
|             | <b>7,735,711</b>                   | <b>5,804,184</b> | <b>4,421,509</b>       | <b>4,357,554</b>       | <b>4,391,500</b>     |

Notes:

- (1) Regarding revenue arising from sales to external customers in Europe and others, no individual countries are material and hence separate disclosure is not required.
- (2) Non-current assets excludes financial instruments and deferred tax assets.

## 6. OTHER INCOME

|                        | 2010<br>HK\$'000 | 2009<br>HK\$'000 |
|------------------------|------------------|------------------|
| Other income includes: |                  |                  |
| Government grants      | 4,047            | 1,693            |
| Interest income        | 340              | 2,939            |
| Rental income          | 7,417            | 5,767            |
| Scrap sales            | <b>15,897</b>    | <b>6,782</b>     |

## 7. OTHER GAINS AND LOSSES

|                                                                    | 2010<br>HK\$'000 | 2009<br>HK\$'000 |
|--------------------------------------------------------------------|------------------|------------------|
| Net foreign exchange losses                                        | 36,905           | 60,369           |
| Gain on disposal of non-current assets classified as held for sale | (20,342)         | –                |
| Loss on disposal/write-off of property, plant and equipment        | 17,395           | 660              |
| Decrease in fair value on derivative financial instruments         | 1,552            | 7,467            |
| Allowance for doubtful debts                                       | 1,258            | 3,332            |
| Allowance for loans receivable                                     | –                | 24,762           |
| Impairment loss on available-for-sale investments                  | –                | 5,250            |
|                                                                    | <b>36,768</b>    | <b>101,840</b>   |

## 8. FINANCE COSTS

|                                                                          | 2010<br>HK\$'000 | 2009<br>HK\$'000 |
|--------------------------------------------------------------------------|------------------|------------------|
| Interest on bank and other borrowings wholly repayable within five years | <b>43,414</b>    | <b>46,643</b>    |

## 9. INCOME TAX EXPENSE

|                                      | 2010<br>HK\$'000 | 2009<br>HK\$'000 |
|--------------------------------------|------------------|------------------|
| Current tax:                         |                  |                  |
| Hong Kong                            | 11,145           | 14,261           |
| PRC Enterprise Income Tax            | 84,149           | 60,270           |
| Other jurisdictions                  | 52               | 35               |
|                                      | <b>95,346</b>    | <b>74,566</b>    |
| Under(over)provision in prior years: |                  |                  |
| Hong Kong                            | <b>56,148</b>    | <b>(6,600)</b>   |
|                                      | <b>151,494</b>   | <b>67,966</b>    |
| Withholding tax                      | 17,381           | 34,857           |
| Land appreciation tax                | 5,014            | –                |
| Deferred tax                         | 319              | (1,710)          |
| Income tax expense for the year      | <b>174,208</b>   | <b>101,113</b>   |

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

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

Pursuant to the relevant law and regulations in the PRC, one of the Company's PRC subsidiaries is classified as an advance technology entity and entitled to 15% PRC enterprise income tax for the three years, 2009 to 2011.

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

In the prior years, the IRD issued profits tax assessments in respect of the disallowance of offshore profit claims in aggregate of approximately HK\$55,050,000 against a wholly-owned subsidiary of the Company for the years of assessment 2001/2002 to 2005/2006. The Group lodged objections with the IRD and the IRD agreed to defer payment of the tax claimed completely subject to the subsidiary in question purchasing tax reserve certificates for those years of assessment. The tax reserve certificates amounting to HK\$32,402,000 were purchased by the relevant subsidiary in prior years.

The Group received a notice of determination dated 10 March 2011 from the IRD for the additional profit tax assessments amounting to HK\$135,889,000 in respect of the disallowance of offshore profit claim HK\$54,955,000 together with the non-deduction of management fee, prescribed fixed assets and statutory depreciation allowance amounting to HK\$80,934,000 for the year of assessment 2001/2002 to 2005/2006. The Group is planning to lodge an appeal to the Board of Review as the Group believes that there are reasonable grounds to substantiate the claims.

Based on professional advice and recent court rulings of relevant precedent cases related to offshore profit claims, the Group has made provisions of HK\$55,000,000 (2009: Nil) equivalent to the amount of the tax dispute in relation to the offshore profit claims in the consolidated statement of financial position as at 31 December 2010, which represents the Company's directors' present best estimate of the potential tax liability. In respect of the unprovided additional tax assessments, the directors are of the opinion that the Group has reasonable ground to claim for the deduction and accordingly they believe that there was no material underprovision of tax liabilities as at 31 December 2010.

## 10. PROFIT FOR THE YEAR

|                                                                                   | <b>2010</b><br><b>HK\$'000</b> | 2009<br>HK\$'000<br>(Restated) |
|-----------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Profit for the year has been arrived at after charging:                           |                                |                                |
| Auditor's remuneration                                                            | <b>2,680</b>                   | 2,628                          |
| Cost of inventories (2009: excluding allowance for inventories of HK\$25,000,000) | <b>6,825,125</b>               | 4,951,090                      |
| Depreciation and amortisation on:                                                 |                                |                                |
| Property, plant and equipment                                                     | <b>451,448</b>                 | 368,536                        |
| Development expenditure included in cost of sales                                 | –                              | 1,168                          |
| Technical know-how included in cost of sales                                      | <b>5,665</b>                   | 5,665                          |
| Trademarks included in cost of sales                                              | <b>42</b>                      | 79                             |
|                                                                                   | <b>457,155</b>                 | 375,448                        |
| Operating lease rental in respect of rented premises                              | <b>5,827</b>                   | 6,180                          |
| Release of prepaid lease payments                                                 | <b>3,379</b>                   | 4,033                          |
| Staff costs, inclusive of directors' remuneration:                                |                                |                                |
| Salaries and other benefits                                                       | <b>630,023</b>                 | 402,983                        |
| Retirement benefits scheme contributions                                          | <b>37,044</b>                  | 27,691                         |
|                                                                                   | <b>667,067</b>                 | 430,674                        |

## 11. DIVIDENDS

|                                                                                           | 2010<br>HK\$'000 | 2009<br>HK\$'000 |
|-------------------------------------------------------------------------------------------|------------------|------------------|
| Dividend recognised as distribution during the year:                                      |                  |                  |
| 2010 Interim dividend of 22 HK cents<br>(2009 Interim dividend of 17 HK cents) per share  | 110,717          | 80,399           |
| 2009 Final dividend of 10 HK cents<br>(2009: 2008 final dividend of 1 HK cents) per share | 50,318           | 4,728            |
|                                                                                           | <u>161,035</u>   | <u>85,127</u>    |

The interim dividends in aggregate of 22 HK cents (2009: 17 HK cents) per share amounting to approximately HK\$110.72 million were paid and payable in 2010 to shareholders on the register of members of the Company at the close of business on 25 June 2010, 17 September 2010 and 19 January 2011, based on 503,219,527, 503,269,527 and 503,269,527 ordinary shares in issue respectively.

The final dividend of 1 HK cent per share, based on 2,767,982,398 ordinary shares after subdivision of shares and bonus ordinary shares (which took place in January 2011), in respect of the year ended 31 December 2010 (2009: final dividend of 10 HK cents, based on 503,179,527 in respect of the year ended 31 December 2009) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

## 12. EARNINGS PER SHARE

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

### Earnings

|                                                                   | 2010<br>HK\$'000 | 2009<br>HK\$'000 |
|-------------------------------------------------------------------|------------------|------------------|
| Earnings for the purposes of basic and diluted earnings per share | <u>314,956</u>   | <u>307,333</u>   |

### Number of shares

|                                                                                           | 2010               | 2009               |
|-------------------------------------------------------------------------------------------|--------------------|--------------------|
| Weighted average number of ordinary shares for the purposes of basic earnings per share   | 496,626,911        | 472,894,322        |
| Effect of dilutive potential ordinary shares:                                             |                    |                    |
| Share options issued by the Company                                                       | <u>1,352,749</u>   | <u>250,238</u>     |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | <u>497,979,660</u> | <u>473,144,560</u> |

The calculation of basic earnings per share and diluted earnings per share have not reflected the subdivision of ordinary shares and bonus ordinary shares as approved in the extraordinary general meeting held on 19 January 2011.

### 13. TRADE AND OTHER RECEIVABLES

|                                            | <b>31.12.2010</b><br><i>HK\$'000</i> | 31.12.2009<br><i>HK\$'000</i> | 1.1.2009<br><i>HK\$'000</i> |
|--------------------------------------------|--------------------------------------|-------------------------------|-----------------------------|
| Trade receivables                          | <b>1,585,976</b>                     | 832,638                       | 610,918                     |
| Less: Allowance for doubtful debts         | <b>(7,421)</b>                       | (10,058)                      | (6,745)                     |
|                                            | <b>1,578,555</b>                     | 822,580                       | 604,173                     |
| Other receivables, deposits and prepayment | <b>275,271</b>                       | 221,910                       | 45,545                      |
| Total trade and other receivables          | <b>1,853,826</b>                     | 1,044,490                     | 649,718                     |

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

|                   | <b>31.12.2010</b><br><i>HK\$'000</i> | 31.12.2009<br><i>HK\$'000</i> | 1.1.2009<br><i>HK\$'000</i> |
|-------------------|--------------------------------------|-------------------------------|-----------------------------|
| Within 60 days    | <b>1,503,764</b>                     | 794,191                       | 546,827                     |
| 61 to 90 days     | <b>44,105</b>                        | 6,635                         | 28,337                      |
| More than 90 days | <b>30,686</b>                        | 21,754                        | 29,009                      |
|                   | <b>1,578,555</b>                     | 822,580                       | 604,173                     |

### 14. 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:

|                   | <b>31.12.2010</b><br><i>HK\$'000</i> | 31.12.2009<br><i>HK\$'000</i> | 1.1.2009<br><i>HK\$'000</i> |
|-------------------|--------------------------------------|-------------------------------|-----------------------------|
| Within 60 days    | <b>766,965</b>                       | 372,472                       | 283,500                     |
| 61 to 90 days     | <b>168,368</b>                       | 164,608                       | 130,837                     |
| More than 90 days | <b>64,905</b>                        | 90,464                        | 376,992                     |
|                   | <b>1,000,238</b>                     | 627,544                       | 791,329                     |

The credit period on purchases of goods ranges from 60-90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

Revenue for the year recorded a significant growth of approximately 33.3% amounting to around HK\$7.7 billion (2009: HK\$5.8 billion). The global economy has been recovered in 2010 and is expected to grow continuously in 2011. Audited profit for the year was approximately 315 million which was approximately 2.5% more than the last corresponding year in 2009 (approximately HK\$307 million). The gross profit margin for the year was decrease to around 11.8% (2009: 14.3%) and net profit margin of approximately 4.1% (2009: 5.3%). The management believes that the Group's profit margins could be improved in 2011 by uplifting of average selling prices.

The Group's LCD business including capacitive touch panel business was about 92.4% of the total revenue for the year. Other businesses including the sales of compact camera modules and printed circuit boards accounted for approximately 7.6% of the Group's revenue in 2010. The management believes that the smart phone market would keep hot in coming few years. Our major products would be continuously benefited by this trend.

### **Outlook**

While keeping a positive view on the continuously increased volume of operations and future revenue, we are continuing to take more prudent actions on cost control and more effective use of materials and man power. Marketing teams and production planning are now more closely integrated to work out the best costing structure to achieve the optimal operating and financial results for the Group

Since we have entered into the sale and purchase memorandum of understanding (MOU) with HannStar Display Corporation (HannStar) in January 2011, the Group will be able to obtain capacity support from HannStar with its 5.3 generation thin film transistor (TFT) production line immediately without the need to make further significant investment in TFT production lines in the foreseeable future, hence improving the cashflow of the Group. The Group will also be able, through co-operation with Hannstar, to secure a reliable supply of and to control the quality of TFT panels and sensors for medium size capacitive touch panel for the Group's production of LCD modules for different applications including automobiles, industrial and electronic consumer product LCD displays. The Group will therefore be able to diversify its production lines particularly in medium size TFT panels and capacitive touch panels and increase the market share of the Group in the LCD display market. For detail of our announcement relating the MOU, you can refer to our discloseable transaction announcement on 19 January 2011.



## **FINANCIAL ANALYSIS**

### **Investment, Assets and Liabilities**

During the year, the Group acquired plant and machinery amounting to approximately HK\$442 million and properties under development amounting to approximately HK\$97 million for the purpose of expanding its manufacturing capacity in the China factory campus.

Total assets were increased by approximately 18.8% to approximately HK\$7,915 million which comprised approximately HK\$3,485 million of current assets, approximately HK\$4,229 million of property, plant and equipment and approximately HK\$201 million of other non-current assets. Total liabilities were approximately HK\$3,965 million, of which approximately HK\$3,319 million were current liabilities and approximately HK\$646 million were non-current liabilities.

### **Liquidity and Financial Resources**

Revenue for the year were increased by approximately 33.3%. Profit for the year was increased by approximately 2.5% but earning per share was decrease by 3.1%.

As at 31 December 2010, the outstanding bank borrowings, net of cash and bank balances, were approximately HK\$1,412 million (2009: approximately HK\$1,535 million). These borrowings bear interest at prevailing market rate and their maturity profiles are shown in the notes to the financial statements.

The financial position of the Group is still healthy and ready for future capital expansion while keeping a sufficiently high level of cash and bank balances (approximately HK\$852 million at 31 December 2010) together with adequate unutilised banking facilities. The gearing ratio based on total interest bearing debts, net of cash and bank balances was approximately 35.7%.

Capital expenditure of around HK\$155 million for the next three years in respect of acquisitions of property, plant and equipment and available-for-sale investments was authorized but not contracted for. Their expected sources of funding will be principally from internal reserves.

### **General**

During the year, the Company issued 330,000 ordinary shares of HK\$0.1 each under the share option scheme at HK\$2.196 per share for an aggregate consideration of approximately HK\$724,680 and 30,000,000 ordinary shares of HK\$0.1 each by the placement at HK\$8.10 per share for the net proceeds with the amount of approximately HK\$236 million separately. The new shares rank pari passu with the existing shares in all respects and the issued share capital of the Company was accordingly increased to HK\$50,326,953 at 31 December 2010.

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

Except for investments in subsidiaries, neither the Group nor the Company had held any other material investments during the year.

Additions to fixed assets mainly in properties under development and plant and machinery were approximately HK\$539 million. As at 31 December 2010, the Group had no pledge or mortgage on its fixed assets.

More than 16,000 workers and staff are currently employed in our Shan Wei factory in China and around 90 personnel in the Group's Hong Kong office. Total staff costs for the year were approximately HK\$667 million.

The Group had no material contingent liabilities at the balance sheet date and exposure to fluctuations in exchange rates will be hedged, if any.

## **OTHER INFORMATION**

### **Review of Consolidated Financial Statements**

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2010.

### **Scope of work of Deloitte Touche Tohmatsu**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2010 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

### **Dividends**

The directors recommend the payment of a final dividend of HK\$0.01 (2009: HK\$0.1 based on ordinary share in issue before subdivision of shares and bonus original share) per share for the year ended 31 December 2010, based on ordinary shares in issue after subdivision of shares and bonus ordinary shares (number of ordinary shares issued at 28 February 2011: 2,767,982,398), to shareholders whose names appear on the Register of Members on 30 May 2011. It is expected that the final dividend payments will be made to shareholders on 10 June 2011.

The interim dividends in aggregate of 22 HK cents per share (2009: 17 HK cents) were paid and payable in 2010 to shareholders on the register of member of the Company at the close of business on 25 June 2010, 17 September 2010 and 19 January 2011, based on 503,219,527, 503,269,527 and 503,269,527 ordinary shares in issue respectively.

The total dividend payout ratio for the year was about 44%.

### **Closure of Register of Members**

The Register of Members will be closed from 26 May 2011 to 30 May 2011, both dates inclusive, during which period no transfer of shares can be registered. In order to qualify for the final 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 25 May 2011.

## **Annual General Meeting**

The 2010 Annual General Meeting of the Company will be held in May or early June 2011. A notice convening the meeting will be issued in due course.

## **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 year.

## **Model Code**

None of the Directors of the Company is aware of information that would reasonably indicate that the Company was not in the year 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 Chairman, Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing, and Mr. Wong Pong Chun, James, an executive director, as members. They meet at least four times a year.

The Group has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

## **Remuneration and Nomination Committees**

The Company has a Remuneration Committee and a Nomination Committee respectively 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, an executive director of the Company.

## Corporate Governance

The Board considers that good corporate governance of the Company is essential to safeguarding the interests of the shareholders and enhancing the performance of the Group. The Board is committed to maintain and ensure high standards of corporate governance. The Company has 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 year ended 31 December 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 management of Company and believes that this structure will enable us to make and implement decisions promptly and efficiently.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision-making processes are regulated in a proper and prudent manner.

## Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 December 2010.

## Annual Report

The 2010 Annual Report containing all the information required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be published on the websites of the Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.truly.com.hk](http://www.truly.com.hk) in due course.

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

Hong Kong, 29 March 2011

*As at the date of this announcement, 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.*