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TRULY®

TRULY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00732)

ANNOUNCEMENT OF 2012 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2012	2011	Change
	HK$'000	*HK$'000*	%
Revenue	**12,374,379**	10,503,988	**+17.8**
Gross profit	**1,556,853**	1,309,694	**+18.9**
Profit for the year attributable to owners of the Company	**710,261**	380,759	**+86.5**
EBITDA	**1,618,612**	1,248,134	**+29.7**
EPS *(HK cents)*			
— Basic and diluted	**25.67**	13.76	**+86.6**
DPS *(HK cents)*			
— Interim	**5**	3	**+66.7**
— Final	**5**	2.5	**+100.0**
— Full Year	**10**	5.5	**+81.8**

The final dividend of 5 HK cents per share (2011: final dividend of 2.5 HK cents) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

THE CHAIRMAN'S STATEMENT

Truly International Holdings Limited (the "Company") started to break the HK$10 billion revenue mark in 2011 and reached HK$12.4 billion in 2012, a rather marvelous 17.8% year on year progress.

Since 2010 the Company has achieved a double digit revenue growth every year mainly due to the successful gain of market share in the sustained global growth of the smartphone, particularly in PRC. Truly's advanced HD/3D LCD, super slim Capacitive Touch Panel and high resolution Compact Camera Module are the three essential parts of this indispensable tool of mankind. Our superb quality, huge production capacity and advanced design ensure penetration and leadership in the smartphone supply chain arena. Industry consensus reveals that world smartphone marketplace in 2013 & 2014 will remain powerful and become ever technologically advanced. I am therefore optimistic for another year of double digit revenue growth in 2013.

However, growth in revenue must be complimented by improvement in profitability. This is our next immediate job.

A less noted business division in the Company has been lighted up alongside the corona of the shining smartphone division; and is fast glowing in its own brightness. Truly is a leading supply partner of primary LCD products (for new car assembly) to nearly all car makers around the world. The gross margin of the automotive division is above average in the group, given the long term mutual partnership commitment, stringent delivery and exhaustively quality demands of the industry. The revenue of this division will continue to grow in 2013 and will support improving the profit margins of the Company.

Truly has engaged in flat panel display industry for more than 21 years and been keeping on injecting tremendous resources into research and development. We have now successfully leaped into the "smart and intelligent display" arena. The Company will focus to pioneer the applications of all the technologies of this smart and intelligent display in smartphone, smart TV, smart car, smart home and smart medic-care devices. With the strong sales of high-end smartphone parts amid a well managed factory overhead cost and increasing delivery of better margined primary automotive LCD products, 2013 should be the start of a profit margin rebound cycle for the Company.

Profit for the year attributable to owners of the Company was approximately HK$710 million, which has been increased significantly by 86.5% when compared to year 2011 (HK$381 million) mainly due to increase in turnover and significant decline in the value of available for sale investment not being recurred in 2012.

On behalf of the Board of Directors, I would take this opportunity to thank our management team, all Board members and our staff 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
Chairman

Hong Kong, 18 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Revenue	3	**12,374,379**	10,503,988
Cost of sales		**(10,817,526)**	(9,194,294)
Gross profit		**1,556,853**	1,309,694
Other income	5	**51,717**	49,754
Other gains and losses	6	**19,185**	(25,591)
Impairment loss on available-for-sale investment		**–**	(106,026)
Administrative expenses		**(365,210)**	(302,821)
Distribution and selling expenses		**(206,107)**	(188,554)
Finance costs	7	**(72,646)**	(65,110)
Profit before tax		**983,792**	671,346
Income tax expense	8	**(267,833)**	(290,587)
Profit for the year	9	**715,959**	380,759
Other comprehensive income for the year			
Exchange differences arising on translation		**12,750**	176,337
Fair value gain (loss) on available-for-sale investment		**1,584**	(106,026)
Reclassification to profit or loss on impairment loss of available-for-sale investment		**–**	106,026
		14,334	176,337
Total comprehensive income for the year		**730,293**	557,096
Profit for the year attributable to:			
Owners of the Company		**710,261**	380,759
Non-controlling interests		**5,698**	–
		715,959	380,759
Total comprehensive income for the year attributable to:			
Owners of the Company		**724,595**	577,096
Non-controlling interests		**5,698**	–
		730,293	577,096
EARNINGS PER SHARE	11		
Basic		**25.67 HK cents**	13.76 HK cents
Diluted		**25.67 HK cents**	13.76 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,892,599**	4,559,591
Prepaid lease payments		**154,466**	157,812
Intangible assets		**333**	480
Goodwill		**413**	413
Available-for-sale investments		**48,314**	46,730
Deferred tax assets		**9,033**	8,815
Deposits paid for acquisition of property, plant and equipment		**10,841**	38,889
		5,115,999	4,812,730
CURRENT ASSETS			
Inventories		**1,016,322**	882,742
Prepaid lease payments		**4,052**	3,644
Trade and other receivables	*12*	**4,009,080**	3,291,120
Tax recoverable		**–**	377
Fixed deposits		**108,279**	237,116
Bank balances and cash		**1,330,711**	868,404
		6,468,444	5,283,403
Non-current assets held for sale		**2,719**	2,699
		6,471,163	5,286,102
CURRENT LIABILITIES			
Trade and other payables	*13*	**3,091,563**	2,357,078
Tax liabilities		**163,902**	273,819
Bank and other borrowings, unsecured		**2,249,363**	2,233,641
		5,504,828	4,864,538
NET CURRENT ASSETS		**966,335**	421,564
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,082,334**	5,234,294

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT LIABILITIES			
Bank and other borrowings, unsecured		**905,797**	798,479
Deferred tax liabilities		**36,250**	39,013
		942,047	837,492
		5,140,287	4,396,802
CAPITAL AND RESERVES			
Share capital		**55,295**	55,361
Share premium and reserves		**4,921,944**	4,341,441
Equity attributable to owners of the Company		**4,977,239**	4,396,802
Non-controlling interests		**163,048**	–
Total equity		**5,140,287**	4,396,802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

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"). Its ultimate controlling party is Mr. Lam Wai Wah. The addresses of the registered office and principal place of business of the Company are P.O. Box 309, Grand Cayman, Cayman Islands and 2/F., Chung Shun Knitting Centre, 1–3 Wing Yip Street, Kwai Chung, N.T., Hong Kong respectively.

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 high resolution compact camera module ("CCM"), personal health care products and electrical devices.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset; and
Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for the Group for annual period beginning on 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future will have impact on amounts reported in respect of the Group's available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for the Group for annual period beginning on 1 January 2013.

The directors anticipate that the application of the new Standard will have no material impact on the results of the financial position of the Group.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group for annual period beginning on 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied.

The Directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. 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:

	2012	2011
	HK$'000	*HK$'000*
Sales of LCD products	**10,930,123**	9,760,564
Sales of electronic consumer products	**1,444,256**	743,424
	12,374,379	10,503,988

4. SEGMENT INFORMATION

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

LCD products — manufacture and distribution of LCD products and touch panel products

Electronic consumer products — manufacture and distribution of electronic consumer products such as CCM, 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:

For the year ended 31 December 2012

	LCD products *HK$'000*	Electronic consumer products *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	**10,930,123**	**1,444,256**	**12,374,379**	**–**	**12,374,379**
Inter-segment sales	**–**	**399,400**	**399,400**	**(399,400)**	**–**
	10,930,123	**1,843,656**	**12,773,779**	**(399,400)**	**12,374,379**
RESULT					
Segment result	**1,014,947**	**109,684**	**1,124,631**	**(16,588)**	**1,108,043**
Finance costs					**(72,646)**
Unallocated expenses					**(51,605)**
Profit before tax					**983,792**

For the year ended 31 December 2011

	LCD products *HK$'000*	Electronic consumer products *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	9,760,564	743,424	10,503,988	–	10,503,988
Inter-segment sales	–	409,057	409,057	(409,057)	–
	9,760,564	1,152,481	10,913,045	(409,057)	10,503,988
RESULT					
Segment result	838,488	38,353	876,841	(10,492)	866,349
Impairment loss on available-for-sale investment					(106,026)
Finance costs					(65,110)
Unallocated expenses					(23,867)
Profit before tax					671,346

Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, finance costs and impairment loss on available-for-sale investment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Other information

For the year ended 31 December 2012

	LCD products *HK$'000*	**Electronic consumer products** *HK$'000*	**Consolidated** *HK$'000*
Amounts included in the measure of segment profits:			
Depreciation and amortisation	**424,823**	**137,351**	**562,174**
Loss on disposal/write off of property, plant and equipment	**12,317**	**–**	**12,317**
Reversal of allowance for doubtful debts	**(26,413)**	**–**	**(26,413)**

For the year ended 31 December 2011

	LCD products *HK$'000*	Electronic consumer products *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profits:			
Depreciation and amortisation	446,910	64,768	511,678
Loss on disposal/write off of property, plant and equipment	10,664	2,086	12,750
Allowance for bad debts	33,210	2,633	35,843

Segment assets and liabilities are not disclosed as they are not regularly reviewed by chief operating decision maker.

Geographical information

The following table sets 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 external customers		**Non-current assets**	
	2012 *HK$'000*	2011 *HK$'000*	**31.12.2012** *HK$'000*	31.12.2011 *HK$'000*
PRC	**8,030,613**	7,270,648	**5,021,071**	4,700,796
South Korea	**2,447,847**	1,768,581	**–**	–
Japan	**466,296**	387,028	**–**	–
Hong Kong	**467,773**	383,563	**37,581**	56,388
Europe	**374,302**	275,684	**–**	–
Others	**587,548**	418,484	**–**	1
	12,374,379	10,503,988	**5,058,652**	4,757,185

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 exclude available-for-sale investments and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2012	2011
	HK$'000	*HK$'000*
Customer A[1]	**1,560,472**	N/A [2]
Customer B[1]	**N/A [2]**	1,318,118
Customer C[1]	**N/A [2]**	1,259,479

[1] Revenue from LCD products
[2] The corresponding revenue did not contribute over 10% of the total sales of the Group

5. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Other income includes:		
Compensation income	**4,177**	8,752
Government grants	**12,676**	17,832
Interest income	**16,322**	5,697
Rental income	**8,372**	7,425

6. OTHER GAINS AND LOSSES

	2012	2011
	HK$'000	*HK$'000*
Net foreign exchange gain	**(5,803)**	(10,811)
Gain on disposal of non-current assets held for sale	**–**	(12,192)
Loss on disposal/write-off of property, plant and equipment	**12,317**	12,750
(Reversal of) allowance for doubtful debts	**(26,413)**	35,843
Decrease of fair value on derivative financial instruments	**–**	1
Others	**714**	–
	(19,185)	25,591

7. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank and other borrowings repayable		
— within five years	**72,646**	62,109
— over five years	**–**	3,001
	72,646	65,110

8. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**34,259**	22,227
PRC Enterprise Income Tax	**218,482**	166,508
Other jurisdictions	**20**	22
	252,761	188,757
Underprovision in prior years:		
Hong Kong	**2,193**	80,438
Withholding tax	**15,860**	14,542
Land appreciation tax	**–**	3,643
Deferred tax	**(2,981)**	3,207
Income tax expense for the year	**267,833**	290,587

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 was approved as Hi-Tech Enterprise, and entitled to 15% PRC enterprise income tax for three years from 2009 to 2011 and extension for further three years was approved with effect from 1 January 2012.

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%.

9. PROFIT FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**3,480**	2,800
Cost of inventories recognised as expenses	**9,288,776**	8,338,964
Research and development costs recognised as an expense	**481,169**	376,683
Depreciation and amortisation on:		
Property, plant and equipment	**562,027**	505,879
Technical know-how	**142**	5,760
Trademarks included in cost of sales	**5**	39
	562,174	511,678
Operating lease rental in respect of rented premises	**6,656**	6,998
Release of prepaid lease payments	**4,005**	3,584
Staff costs, inclusive of directors' remuneration:		
Salaries and other benefits	**958,025**	909,332
Share-based payment	**37,935**	–
Retirement benefits scheme contributions	**96,392**	78,045
	1,092,352	987,377

10. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
2012 Interim dividends of 5 HK cents (2011 Interim dividends of 3 HK cents) per share	**138,288**	83,041
2011 Final dividend of 2.5 HK cents (2010 final dividend of 1 HK cent) per share	**69,201**	27,680
	207,489	110,721

The interim dividends in aggregate of 5 HK cents per share amounting to approximately HK$41,521,000 and HK$55,295,000 were paid in 2012 and HK$41,472,000 were payable in 2013 to shareholders on the register of members of the Company at the close of business on 19 June 2012, 29 October 2012 and 28 January 2013, based on 2,768,037,398, 2,764,773,398 and 2,764,773,398 ordinary shares in issue respectively.

The final dividend of 5 HK cents based on 2,764,773,398 ordinary shares, in respect of the year ended 31 December 2012 (2011: final dividend of 2.5 HK cents based on 2,768,037,398 ordinary shares, in respect of the year ended 31 December 2011) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

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

Earnings

	2012	2011
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**710,261**	380,759

Number of shares

	2012	2011
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic earnings per share	**2,767,157**	2,768,022
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**–**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**2,767,157**	2,768,022

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the share repurchase in 2012.

The computation of diluted earnings per share for the year did not assume the conversion of outstanding share options since the exercise price was higher than the average market price of the Company's shares during the year.

12. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade and bills receivables	**3,784,407**	3,153,077
Less: Allowance for doubtful debts	**(6,531)**	(6,548)
	3,777,876	3,146,529
Other receivables, deposits and prepayment	**231,204**	177,801
Less: Allowance for doubtful debts	**–**	(33,210)
	231,204	144,591
Total trade and other receivables	**4,009,080**	3,291,120

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:

	2012			2011		
	Trade receivables	**Bills receivables**	**Total**	Trade receivables	Bills receivables	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Within 60 days	**2,275,417**	**619,502**	**2,894,919**	1,936,061	377,647	2,313,708
61 to 90 days	**419,598**	**140,055**	**559,653**	403,198	183,955	587,153
More than 90 days	**118,640**	**204,664**	**323,304**	73,199	172,469	245,668
	2,813,655	**964,221**	**3,777,876**	2,412,458	734,071	3,146,529

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:

	2012	2011
	HK$'000	*HK$'000*
Within 60 days	**1,699,053**	1,221,340
61 to 90 days	**540,104**	325,648
More than 90 days	**221,081**	110,654
	2,460,238	1,657,642

The credit period on purchases of goods ranges from 60 to 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 and Award

Revenue for the year recorded a double digits growth of approximately 17.8% amounting to around HK$12.4 billion (2011: HK$10.5 billion), which was mainly due to the successful gain of market share in the substained global growth of the smartphone, particular in PRC as mentioned in the Chairman's statement. Profit for the year attributable to owners of the Company was approximately 710 million which was approximately 86.5% more than the last corresponding year in 2011 (approximately HK$381 million). The gross profit margin for the year was increased to around 12.6% (2011: 12.5%) and net profit margin for the year attributable to owners of the Company increased to approximately 5.7% (2011: 3.6%). The management believes that the Group's profit margins could gradually be improved in 2013 by growth in revenue, the effect of economic of scale and increasing sales volume of automotive display products.

The Group's LCD business including touch panel and automotive display business was about 88.3% of the total revenue for the year. Other businesses including the sales of compact camera modules and printed circuit boards accounted for approximately 11.7% of the Group's revenue in 2012. The management believes that the smartphone market would still keep hot in coming few years, particular in PRC. Our major products would be continuously benefited by this trend.

During past few years, the Group did not only focus on the production but also spent a lot of resources on research and development approximately HK$481 million and HK$377 million in 2012 and 2011 respectively. In respect of the LCD Products segment, a patented project, "LCD device and its production methodology", of one of the Group's PRC subsidiaries, Truly Semiconductors Limited, was elected by Guangdong Intellectual Property Office in January 2013 to be one of the awardees of Year 2013 Guangdong Patent Outstanding Award (2013年廣東專利優秀獎).

Outlook

Looking forward to 2013, the global economic conditions might be improved but still challenging due to weakening US and unstable European economies. The demand for LCD products including smartphone would be unstable except PRC market because consumers spending power might be weakened. However, we have confident to sustain a growth in 2013 as we believe that the smartphone market would continue to grow in 2013 and expect PRC smartphone market which would sustain significant growth in coming few years.

The Group has been continuing to take actions on cost control and inventory control to encounter unstable economy situation. The Group would accelerate the production automation to reduce the negative effect from continuing increase in China labour wages.

Marketing teams and production planning continues to be closely integrated to work out the best costing structure to achieve the optimal operating and financial results for the Group.

FINANCIAL ANALYSIS

Investment, Assets and Liabilities

During the year, the Group acquired plant and machinery amounting to approximately HK$715 million and furniture, fixtures and equipment amounting to approximately HK$108 million for the purpose of enhancing its manufacturing capacity in the China factory campus.

Total assets were increased by approximately 14.7% to approximately HK$11,587 million which comprised approximately HK$6,471 million of current assets, approximately HK$4,893 million of property, plant and equipment and approximately HK$223 million of other non-current assets. Total liabilities were approximately HK$6,447 million, of which approximately HK$5,505 million were current liabilities and approximately HK$942 million were non-current liabilities.

Liquidity and Financial Resources

Revenue for the year were increased by approximately 17.8%. Profit for the year attributable to owners of the Company and earnings per share were increased by approximately 86.5% and 86.6% respectively.

As at 31 December 2012, the outstanding bank borrowings, net of fixed deposits, cash and bank balances, were approximately HK$1,716 million (2011: approximately HK$1,927 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 fixed deposits, cash and bank balances (approximately HK$1,439 million at 31 December 2012) together with adequate unutilised banking facilities. The gearing ratio based on total interest bearing debts, net of fixed deposits, cash and bank balances was approximately 33.4%.

Capital expenditure of around HK$84 million for the year 2013 in respect of acquisitions of property, plant and equipment was authorized but not contracted for. Their expected sources of funding will be principally from internal reserves.

Connected Transaction

On 15 November 2012, Truly Opto-Electronics Limited ("Truly Shanwei"), an indirect non-wholly-owned subsidiary of the Company registered in China, entered into the Capital Increase Agreement with the Investors in relation to their Investment into Truly Shanwei, pursuant to which the registered capital of Truly Shanwei had been increased from US$40,000,000 to US$44,962,500 by the addition of new registered capital be subscribed for by the Investors, which included the Directors, senior management of the Group and entities beneficially owned by them and a widow of a late director of Truly Shanwei. For further details of the subscriptions by the Investors, please refer to the Company announcement made on 15 November 2012.

General

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

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

Additions to fixed assets mainly in furniture, fixture and equipment and plant and machinery were approximately HK$883 million. As at 31 December 2012, the Group had no pledge or mortgage on its fixed assets.

Around 20,000 workers and staff are currently employed in our Shan Wei factory in China and around 100 personnel in the Group's Hong Kong office. Total staff costs for the year were approximately HK$1,092 million.

The Group had no material contingent liabilities at the balance sheet date and exposure to fluctuations in exchange rates will be considered to hedge, 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 2012.

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 2012 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 5 HK cents (2011: 2.5 HK cents) per share for the year ended 31 December 2012, based on ordinary shares in issue (number of ordinary shares issued at 28 February 2013: 2,766,273,398), to shareholders whose names appear on the Register of Members on 27 May 2013 (Monday). It is expected that the final dividend payments will be made to shareholders on 5 June 2013, Wednesday, subject to the Company's shareholders' approval at the Annual General Meeting of the Company.

The interim dividends in aggregate of 5 HK cents per share (2011: 3 HK cents) were paid in 2012 and 2013 to shareholders on the register of member of the Company at the close of business on 19 June 2012, 29 October 2012 and 28 January 2013, based on 2,768,037,398, 2,764,773,398 and 2,764,773,398 ordinary shares in issue respectively.

The total dividend payout ratio for the year was about 39%.

Closure of Register of Members

For determining the entitlement to attend and vote at the 2012 Annual General Meeting, the Register of Members will be closed from Thursday, 16 May 2013 to Tuesday, 21 May 2013, both dates inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 15 May 2013.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Monday, 27 May 2013, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited at the above address for registration not later than 4: 00 p.m. on Friday, 24 May 2013.

Annual General Meeting

The 2013 Annual General Meeting of the Company will be held in May 2013. A notice convening the meeting will be issued in due course.

Purchase, Sale or Redemption of Security

During the year 2012, pursuant to the mandate to repurchase shares of the Company obtained from the Company's shareholders at the annual general meeting of the Company held on 22 May 2012, the Company repurchased an aggregate of 3,264,000 ordinary shares on the Stock Exchange for an aggregate consideration of HK$3,681,300 before expenses and all these shares were subsequently cancelled by the Company and accounted for approximately 0.12% of the total issued share capital of the Company as at 31 December 2012.

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 year ended 31 December 2012.

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. We have complied with all the applicable code provisions set out in the "Code on Corporate Governance Practices" (effective until 31 March 2012) and the "Corporate Governance Code" (newly effective from 1 April 2012) contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2012, except for a major deviation as below:

— *Code Provision A.1.8*

An issuer has been required to arrange appropriate insurance cover in respect of potential legal action against its directors. With regular and timely communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual litigation against the Directors is low. Nevertheless, the Board had arranged the appropriate insurance coverage in December 2012.

— *Code Provision A.2.1*

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

— *Code Provision A.6.7*

Mr. Chung Kam Kwong and Mr. Heung Kai Sing, independent non-executive directors of the Company, were unable to attend the annual general meeting of the Company held on 22 May 2012 due to prior business commitment.

— *Code Provision E.1.2*

The Chairman did not attend the annual general meeting of the Company held on 22 May 2012 due to unexpected important business meeting.

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.

Annual Report

The 2012 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 and the Company at www.truly.com.hk in due course.

By Order of the Board
Lam Wai Wah
Chairman

Hong Kong, 18 March 2013

As at the date of this announcement, 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.