TRULY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00732)

ANNOUNCEMENT OF INTERIM RESULTS 2014

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2014	2013	Change
	Unaudited	Unaudited	
	HK$'000	*HK$'000*	
Revenue	**9,524,490**	8,666,018	+9.9%
Gross profit	**1,195,422**	1,205,269	-0.8%
Profit for the period attributable to the Owners of the Company	**503,158**	712,645	-29.4%
EBITDA	**1,106,603**	1,234,888	-10.4%
Basic EPS *(HK cents)*	**17.26**	25.62	-32.6%
DPS *(HK cents)*			
— First Interim	**2**	2	–
— Second Interim	**5**	3	+66.7%

The board of directors (the "Board") of Truly International Holdings Limited (the "Company") is pleased to announce the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2014 (the "Period"), together with the comparative figures for the same period of 2013 and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2014 together with audited comparative figures as at 31 December 2013 which have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE		**9,524,490**	8,666,018
Cost of sales		**(8,329,068)**	(7,460,749)
Gross profit		**1,195,422**	1,205,269
Other income		**34,372**	49,582
Other gains and losses		**(56,089)**	40,798
Administrative expenses		**(205,975)**	(235,371)
Distribution and selling expenses		**(194,037)**	(124,636)
Finance costs	*4*	**(42,555)**	(35,272)
Share of result of an associate		**(2,269)**	–
PROFIT BEFORE TAX		**728,869**	900,370
INCOME TAX EXPENSE	*5*	**(168,885)**	(115,591)
PROFIT FOR THE PERIOD	*6*	**559,984**	784,779
OTHER COMPREHENSIVE (EXPENSE) INCOME			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(240,919)**	164,405
Fair value gain on available-for-sale investments		**15,317**	144,915
Other comprehensive (expense) income for the period		**(225,602)**	309,320
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**334,382**	1,094,099

	Notes	Six months ended 30 June **2014** ***HK$'000*** **(Unaudited)**	2013 *HK$'000* (Unaudited)
Profit for the period attributable to:			
Owners of the Company		**503,158**	712,645
Non-controlling interests		**56,826**	72,134
		559,984	784,779
Total comprehensive income for the period attributable to:			
Owners of the Company		**285,487**	1,013,703
Non-controlling interests		**48,895**	80,396
		334,382	1,094,099
EARNINGS PER SHARE	*7*		
Basic		**HK17.26 cents**	HK25.62 cents
Diluted		**N/A**	HK24.63 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2014

	Notes	**30 June 2014** *HK$'000* **(Unaudited)**	31 December 2013 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**5,794,388**	5,517,293
Prepaid lease payments		**148,978**	154,498
Intangible assets		**119**	191
Goodwill		**413**	413
Interest in an associate		**745,931**	153,480
Available-for-sale investments		**193,979**	178,662
Deferred tax assets		**9,017**	9,227
Deposits paid for acquisition of property, plant and equipment		**59,611**	56,736
		6,952,436	6,070,500
CURRENT ASSETS			
Inventories		**2,149,543**	1,489,150
Prepaid lease payments		**4,148**	4,161
Trade and other receivables	*8*	**5,569,196**	5,908,389
Tax recoverable		**428**	437
Fixed deposits		**226,449**	–
Bank balances and cash		**1,900,052**	2,805,714
		9,849,816	10,207,851
Non-current assets held for sale		**2,516**	2,580
		9,852,332	10,210,431
CURRENT LIABILITIES			
Trade and other payables	*9*	**5,249,225**	5,029,234
Tax liabilities		**60,349**	83,534
Bank and other borrowings, unsecured		**3,339,865**	2,949,189
		8,649,439	8,061,957
NET CURRENT ASSETS		**1,202,893**	2,148,474
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,155,329**	8,218,974

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
NON-CURRENT LIABILITIES		
Bank and other borrowings, unsecured	**971,229**	934,631
Deferred tax liabilities	**68,008**	57,487
	1,039,237	992,118
	7,116,092	7,226,856
CAPITAL AND RESERVES		
Share capital	**58,224**	58,392
Share premium and reserves	**6,686,237**	6,845,728
Equity attributable to owners of the Company	**6,744,461**	6,904,120
Non-controlling interests	**371,631**	322,736
Total equity	**7,116,092**	7,226,856

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

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

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

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

3. SEGMENT INFORMATION

Information reported to the Executive Directors of the Company, the chief operating decision makers, for the purpose of resources allocation and assessment of performance is focused on the sales of different types of products. Inter-segment sales are charged at prevailing market rates. Thus the Group is currently organised into two operating segments which are sales of liquid crystal display ("LCD") products and electronic consumer products. The information for each operating segment is as follows:

LCD products	—	manufacture and distribution of LCD and touch panel products
Electronic consumer products	—	manufacture and distribution of electronic consumer products such as compact camera module, personal health care products and electrical devices

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

Six months ended 30 June 2014 (Unaudited)

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

Six months ended 30 June 2013 (Unaudited)

	LCD products *HK$'000*	Electronic consumer products *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	7,519,683	1,146,335	8,666,018	–	8,666,018
Inter-segment sales	–	319,619	319,619	(319,619)	–
	7,519,683	1,465,954	8,985,637	(319,619)	8,666,018
RESULT					
Segment result	834,671	123,988	958,659	(8,401)	950,258
Finance costs					(35,272)
Unallocated expenses					(14,616)
Profit before tax					900,370

4. FINANCE COSTS

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

5. INCOME TAX EXPENSE

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

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

Pursuant to the relevant law and regulations in the PRC, one of the Company's PRC subsidiaries was approved as Hi-Tech Enterprise and entitled to 15% PRC enterprise income tax for three years from 2012 to 2014. Another PRC subsidiary of the Company has also been classified as Hi-Tech Enterprise with effect from 1 January 2012 for three years but the approval was not obtained until May 2013. Accordingly, PRC Enterprise Income Tax was provided at 25% for this subsidiary for the year ended 31 December 2012. As a result, an overprovision of income tax in respect of the year ended 31 December 2012 of approximately HK$68,084,000 was recognised in prior period.

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

6. PROFIT FOR THE PERIOD

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

7. EARNINGS PER SHARE

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

Earnings	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	**503,158**	712,645

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

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

8. TRADE AND OTHER RECEIVABLES

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

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

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

9. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Results

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

Business Review and Outlook

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

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

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

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

Liquidity and Financial Resources

The Group's assets and liabilities have been increased by approximately HK$524 million and HK$635 million respectively during the period.

At the balance sheet date, the outstanding bank and other borrowings, net of fixed deposits and cash and bank balances, were approximately HK$2,185 million (HK$1,078 million at 31 December 2013). Among the total gross borrowings of HK$4,311 million, HK$3,340 million were repayable within a year with the remaining balances repayable within a period of two to four years.

At the balance sheet date, the Group's contracted capital commitments for the acquisition of property, plant and equipment was approximately HK$595 million (approximately HK$286 million at 31 December 2013) and will be financed principally from internal reserves and bank loans.

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

Proposed Spin-off Update

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

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

General

There are approximately 27,000 workers and employees currently employed in the Group's Shan Wei factory and around 100 staff in our Hong Kong office.

The Group had no material contingent liabilities except for the claim against a subsidiary of the Group for Euro 7.2 million in aggregate being disclosed in the 2013 annual report, which no progress have occurred during the period. The directors believe, based on legal advice that the case has legal and factual grounds to defend and therefore it is not probable that losses (including claims for costs) will be incurred. As a result, no provision has been made as at 30 June 2014 and 31 December 2013 in this regard.

Exposure to fluctuations in exchange rates has been properly managed. The remuneration policy was in line with current legislation, market conditions and both individual and company performance.

OTHER INFORMATION

Interim Dividends

The Directors have resolved to pay a second interim dividend of 5 HK cents per share to shareholders whose names appear on the Register of Members on 8 September 2014. Together with the first interim dividend of 2 HK cents per share to be paid on 5 September 2014, the total interim dividends payable were 7 HK cents per share (2013: 5 HK cents). It is expected that the second interim dividend payments will be made to shareholders on 5 December 2014.

Closure of Register of Members

The Register of Members will be closed on 8 September 2014 during which day no transfer of shares can be registered. In order to qualify for the second interim dividend, all transfers accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 5 September 2014.

Purchase, Sale or Redemption of Security

During the six months ended 30 June 2014, pursuant to the mandates to repurchase shares of the Company obtained from the Company's shareholders at the annual general meeting of the Company held on 21 May 2013 and 21 May 2014, the Company repurchased an aggregate of 8,376,000 ordinary shares on the Stock Exchange for an aggregate consideration of approximately HK$37 million and all these shares were cancelled during the Period by the Company and accounted for approximately 0.29% of the total issued share capital of the Company as at 30 June 2014.

Except as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2014.

Model Code

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

Audit Committee

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

Corporate Governance

We have complied with all the applicable code provisions set out in the "Corporate Governance Code" contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2014, except for major deviations as below:

— *Code Provision A.2.1*

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

— *Code Provision A.5.6*

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

— *Code Provision E.1.2*

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

Publications of Interim Results and Interim Report

This interim results announcement is published on the HKExnews website at www.hkexnews.hk and on the website of the Company at www.truly.com.hk. The 2014 Interim Report containing all the information required under Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange will be published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Lam Wai Wah
Chairman

Hong Kong, 20 August 2014

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.