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TRULY®

TRULY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00732)

ANNOUNCEMENT OF 2014 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2014	2013	**Change**
	HK$'000	*HK$'000*	
Revenue	**21,415,651**	20,680,750	**+3.6%**
Gross profit	**2,486,422**	2,891,935	**–14.0%**
Profit for the year attributable to owners of the Company	**1,118,369**	1,619,990	**–31.0%**
EBITDA	**2,492,346**	2,813,164	**–11.4%**
EPS *(HK cents)*			
— Basic and diluted	**38.41**	57.43	**–33.1%**
DPS *(HK cents)*			
— Interim	**10**	7	**+42.9%**
— Final	**5**	12	**–58.3%**
— Full Year	**15**	19	**–21.1%**

The final dividend of 5 HK cents per share (2013: final dividend of 12 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") continued its growth in revenue from approximately HK$20.7 billion in 2013 to HK$21.4 billion in 2014 by around 3.6%, but the double digit growth in revenue target in 2014 had not been achieved and profit for the year attributable to owners of the Company had significantly decreased by around 31.0% from approximately HK$1,620 million in 2013 to approximately HK$1,118 million in 2014.

Besides, the Group's gross profit margin and net profit margin attributable to owners of the Company in 2014 have been dropped from 14.0% in 2013 to 11.6% in 2014 and 7.8% in 2013 to 5.2% in 2014 respectively. The above results were mainly attributed by the decrease in average selling price of one of our key products, total laminated touch module, during the year. The major reasons for the decrease in average selling price of total laminated touch module were keen competition and an increased proportion of mid- and low-end smartphones applied total laminated touch module during the year.

The management believes that smartphone market growth would be continuing in 2015 owing to the gradual mature of mobile 4G network in China, it would benefit to our Group's revenue growth in smartphone related products such as LCD display module, touch panel, touch module and compact camera module. However, the management has been encountering the difficulties to improve/maintain the profit margins of the Group since 2014 owing to keen competition and key products' price decrease pressure.

The management team would try their best to solve this difficult task through optimizing production process, production automation, more different strategic co-operations with the Group's major customers and suppliers and enhancing the non-smartphone businesses development such as automotive, industrial products.

Finally, I would like to take this opportunity to thank the Directors, the management team and all employees and workers for their sustained diligence and dedication to the Group which contributed to the continuing improvement of the Group's businesses. On behalf of the Board of Directors, I would like to express our heartfelt thanks to our business partners, bankers and stakeholders for their continuing support to the Group.

Lam Wai Wah
Chairman

Hong Kong, 18 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Revenue	3	**21,415,651**	20,680,750
Cost of sales		**(18,929,229)**	(17,788,815)
Gross profit		**2,486,422**	2,891,935
Other income	5	**124,494**	109,492
Other gains and losses	6	**(45,096)**	(2,320)
Impairment loss on available-for-sale investments		**(7,216)**	–
Administrative expenses		**(429,478)**	(479,496)
Distribution and selling expenses		**(395,733)**	(325,923)
Finance costs	7	**(93,890)**	(78,974)
Share of result of an associate		**(17,502)**	–
Profit before tax		**1,622,001**	2,114,714
Income tax expense	8	**(372,725)**	(346,447)
Profit for the year	9	**1,249,276**	1,768,267
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(203,978)**	257,243
Fair value (loss) gain on available-for-sale investments		**(58,052)**	115,008
Share of exchange difference arising on translation of an associate		**1,745**	–
		(260,285)	372,251
Reclassification to profit or loss on impairment loss of available-for-sale investments		**2,743**	–
Total comprehensive income for the year		**991,734**	2,140,518
Profit for the year attributable to:			
Owners of the Company		**1,118,369**	1,619,990
Non-controlling interests		**130,907**	148,277
		1,249,276	1,768,267
Total comprehensive income for the year attributable to:			
Owners of the Company		**868,017**	1,980,830
Non-controlling interests		**123,717**	159,688
		991,734	2,140,518
EARNINGS PER SHARE	11		
Basic (HK cents per share)		**38.41**	57.43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**6,780,598**	5,517,293
Prepaid lease payments		**147,966**	154,498
Intangible assets		**49**	191
Goodwill		**413**	413
Interest in an associate		**734,843**	153,480
Available-for-sale investments		**133,500**	178,662
Deferred tax assets		**8,867**	9,227
Deposits paid for acquisition of property, plant and equipment		**138,956**	56,736
		7,945,192	6,070,500
CURRENT ASSETS			
Inventories		**1,511,346**	1,489,150
Prepaid lease payments		**4,102**	4,161
Trade and other receivables	*12*	**5,578,212**	5,908,389
Tax recoverable		**26,442**	437
Bank balances and cash		**3,663,710**	2,805,714
		10,783,812	10,207,851
Non-current assets held for sale		**2,524**	2,580
		10,786,336	10,210,431
CURRENT LIABILITIES			
Trade and other payables	*13*	**5,657,407**	5,029,234
Tax liabilities		**31,423**	83,534
Bank and other borrowings, unsecured		**4,568,555**	2,949,189
Derivative financial instruments		**33,462**	–
		10,290,847	8,061,957
NET CURRENT ASSETS		**495,489**	2,148,474
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,440,681**	8,218,974

	Notes	**2014**	2013
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Bank and other borrowings, unsecured		**868,739**	934,631
Deferred tax liabilities		**48,583**	57,487
		917,322	992,118
		7,523,359	7,226,856
CAPITAL AND RESERVES			
Share capital		**58,142**	58,392
Share premium and reserves		**7,018,764**	6,845,728
Equity attributable to owners of the Company		**7,076,906**	6,904,120
Non-controlling interests		**446,453**	322,736
Total equity		**7,523,359**	7,226,856

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

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, who is also the Chairman and Managing Director of the Company. 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 including touch panel 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")

Application of amendments to HKFRSs and a new Interpretation

The Group has applied the following amendments to HKFRSs and a new interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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

The application of the above new Interpretation and 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 years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKFRS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. 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.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost

- In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9), or

- Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

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:

	2014	2013
	HK$'000	*HK$'000*
Sales of LCD products	**18,539,879**	18,135,615
Sales of electronic consumer products	**2,875,772**	2,545,135
	21,415,651	20,680,750

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 electronic 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 2014

	LCD products *HK$'000*	**Electronic consumer products** *HK$'000*	**Segment total** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
REVENUE					
External sales	**18,539,879**	**2,875,772**	**21,415,651**	**–**	**21,415,651**
Inter-segment sales	**–**	**397,586**	**397,586**	**(397,586)**	**–**
	18,539,879	**3,273,358**	**21,813,237**	**(397,586)**	**21,415,651**
RESULT					
Segment result	**1,689,436**	**97,051**	**1,786,487**	**(14,588)**	**1,771,899**
Finance costs					**(93,890)**
Unallocated expenses					**(56,008)**
Profit before tax					**1,622,001**

For the year ended 31 December 2013

	LCD products *HK$'000*	Electronic consumer products *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	18,135,615	2,545,135	20,680,750	–	20,680,750
Inter-segment sales	–	391,345	391,345	(391,345)	–
	18,135,615	2,936,480	21,072,095	(391,345)	20,680,750
RESULT					
Segment result	1,985,130	248,212	2,233,342	(8,558)	2,224,784
Finance costs					(78,974)
Unallocated expenses					(31,096)
Profit before tax					2,114,714

Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, loss on fair value changes of derivative financial instruments and finance costs. 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 2014

	LCD products *HK$'000*	**Electronic consumer products** *HK$'000*	**Consolidated** *HK$'000*
Amounts included in the measure of segment profits:			
Depreciation and amortisation	**635,456**	**123,497**	**758,953**
Loss on disposal/write off of property, plant and equipment	**23,905**	**7,309**	**31,214**
Allowance for doubtful debts	**1,551**	**–**	**1,551**

For the year ended 31 December 2013

	LCD products *HK$'000*	Electronic consumer products *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profits:			
Depreciation and amortisation	534,872	84,604	619,476
Loss on disposal/write off of property, plant and equipment	79,534	872	80,406
Allowance for doubtful debts	508	–	508

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**	
	2014 *HK$'000*	2013 *HK$'000*	**31.12.2014** *HK$'000*	31.12.2013 *HK$'000*
PRC	**16,401,624**	14,531,466	**7,702,113**	5,848,361
South Korea	**2,720,132**	4,060,878	**–**	–
Japan	**526,291**	423,454	**–**	–
Hong Kong	**535,245**	475,738	**100,712**	34,250
Europe	**470,154**	516,067	**–**	–
Others	**762,205**	673,147	**–**	–
	21,415,651	20,680,750	**7,802,825**	5,882,611

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:

	2014	2013
	HK$'000	*HK$'000*
Customer A[1]	**3,430,009**	2,766,519
Customer B[1]	**N/A[2]**	2,870,229
Customer C[1]	**N/A[2]**	2,318,058

1 Revenue from LCD products
2 Revenue from the customer is less than 10% of the total sales of the Group

5. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Other income includes:		
Dividends from available-for-sale investments	**19,628**	–
Compensation income	**8,023**	1,402
Government grants	**19,944**	62,706
Interest income	**39,932**	26,916
Rental income	**10,291**	9,140
Sundry income	**26,676**	9,328
	124,494	109,492

6. OTHER GAINS AND LOSSES

	2014	2013
	HK$'000	*HK$'000*
Loss on fair value change of foreign currency swap	**25,714**	–
Foreign exchange gain on bank loan in Australian dollars	**(23,576)**	–
	2,138	–
Loss on fair value change of structured foreign currency options	**8,257**	–
Net foreign exchange loss (gain)	**1,936**	(79,317)
Gain on disposal of non-current assets held for sale	**–**	(312)
Loss on disposal/write-off of property, plant and equipment	**31,214**	80,406
Allowance for doubtful debts	**1,551**	508
Others	**–**	1,035
	45,096	2,320

7. FINANCE COSTS

	2014 *HK$'000*	2013 *HK$'000*
Interest on bank and other borrowings repayable within five years	**93,890**	78,974

8. INCOME TAX EXPENSE

	2014 *HK$'000*	2013 *HK$'000*
Current tax:		
Hong Kong	**67,709**	97,553
PRC Enterprise Income Tax	**247,466**	269,964
Other jurisdictions	**4,026**	560
	319,201	368,077
Under (over)provision in prior years:		
Hong Kong	**(6,358)**	(4,052)
PRC	**10,983**	(69,552)
	4,625	(73,604)
Net withholding tax paid	**57,443**	30,931
Deferred tax	**(8,544)**	21,043
Income tax expense for the year	**372,725**	346,447

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 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 (the "EIT Law of PRC") 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%.

9. PROFIT FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**3,480**	3,480
Cost of inventories recognised as expenses	**16,172,905**	14,675,659
Research and development costs recognised as an expense	**803,121**	782,402
Depreciation and amortisation on:		
Property, plant and equipment	**758,811**	619,334
Technical know-how	**142**	142
	758,953	619,476
Operating lease rental in respect of rented premises	**8,998**	9,318
Release of prepaid lease payments	**4,688**	4,102
Staff costs, inclusive of directors' remuneration:		
Salaries and other benefits	**1,840,205**	1,456,949
Retirement benefits scheme contributions	**188,557**	136,488
	2,028,762	1,593,437

10. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
2014 Interim dividends of 10 HK cents (2013 Interim dividends of 7 HK cents) per share	**290,912**	200,047
2013 Final dividend of 12 HK cents (2012 final dividend of 5 HK cent) per share	**349,516**	140,624
	640,428	340,671

The 2014 interim dividends in aggregate of 10 HK cents per share amounting to approximately HK$290,912,000 of which, HK$58,295,000 and HK$145,404,000 were paid in 2014 and HK$87,213,000 were payable in 2015 to shareholders on the register of members of the Company at the close of business on 9 June 2014, 8 September 2014 and 3 December 2014, based on 2,914,753,398, 2,908,088,398 and 2,907,099,398 ordinary shares in issue respectively.

The final dividend of 5 HK cents per share based on 2,907,099,398 ordinary shares amounting to approximately HK$145,355,000, in respect of the year ended 31 December 2014 (2013: final dividend of 12 HK cents per share based on 2,919,593,398 ordinary shares, in respect of the year ended 31 December 2013) 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

	2014	2013
	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)	**1,118,369**	1,619,990

Number of shares

	2014	2013
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**2,911,512**	2,820,783

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

12. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade and bills receivables	**5,056,572**	5,392,075
Less: Allowance for doubtful debts	**(8,212)**	(7,016)
	5,048,360	5,385,059
Other receivables, deposits and prepayment	**529,852**	523,330
Total trade and other receivables	**5,578,212**	5,908,389

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:

	2014			2013		
	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	**3,268,464**	**422,552**	**3,691,016**	3,363,216	552,743	3,915,959
61 to 90 days	**813,008**	**39,400**	**852,408**	889,367	84,349	973,716
More than 90 days	**468,098**	**36,838**	**504,936**	384,903	110,481	495,384
	4,549,570	**498,790**	**5,048,360**	4,637,486	747,573	5,385,059

13. TRADE AND OTHER PAYABLES

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

	2014			2013		
	Trade payables	**Bills payables**	**Total**	Trade payables	Bills payables	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Within 60 days	**3,071,867**	**741,485**	**3,813,352**	2,715,836	469,943	3,185,779
61 to 90 days	**512,939**	**112,123**	**625,062**	599,873	39,777	639,650
More than 90 days	**341,545**	**–**	**341,545**	377,666	–	377,666
	3,926,351	**853,608**	**4,779,959**	3,693,375	509,720	4,203,095

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 time frame.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Award

Revenue for the year recorded a new high in amount by a slight growth of approximately 3.6% amounting to HK$21.4 billion (2013: HK$20.7 billion), which was mainly due to continuing popularity of smartphone in the world.

Profit for the year attributable to owners of the Company was approximately HK$1,118 million which was approximately 31.0% less than last corresponding year in 2013 (approximately HK$1,620 million). Basic earnings per share decreased to 38.41 HK cents from 57.43 HK cents for corresponding period of the previous year. The 2014 total interim dividends of 10 HK cents per ordinary share were paid and payable during the year 2014 (2013: 7 HK cents per ordinary share). In view of this, the Board of Directors has recommended the payment of a final dividend of 5 HK cents per ordinary share, representing a payout ratio of 39.1%.

The gross profit margin for the year decreased to around 11.6% (2013: 14.0%) and net profit margin for the year attributable to owners of the Company decreased to approximately 5.2% (2013: 7.8%). As stated in the Chairman Statement, decrease in net profit attributable to owners of the Company in 2014 were mainly attributed by the decrease in average selling price of the Group's key product, touch module by total lamination, during the year. The main reasons for decreasing in average selling price of touch module by total lamination were because of keen competition and an increased proportion of mid- and low-end smartphones applied total laminated touch module during the year.

The Group's LCD business including touch panel products and automotive display business was about 86.6% of the Group's revenue for the year 2014. Other businesses of the Group including the sales of compact camera module and printed circuit board accounted were approximately 13.4% of the Group's revenue in year 2014. LCD business would continue to be the core business of the Group in next few years.

In order to satisfy continuously the new products specification requirements from the customers and improve the manufacturing processes, the Group continues to put resources in the Group's research and development, the Group spent around HK$803 million and HK$782 million in 2014 and 2013 respectively. During year 2014, the Group has continued to register many patents related to manufacturing processes of Compact Camera Module, LCD Products and Touch Panel Products in China. Besides, the Group was obtained a few Best Partner Awards from business partners in 2014.

Outlook

As stated in the Chairman Statement, the management expects that our group's revenue could still be benefited from continuing growth of smart phone market in 2015 owing to the gradual mature of mobile 4G network in China, but the management is still encountering the difficulties to improve/maintain the profit margins of the Group.

The management team would solve this difficult task through optimizing production process, production automation, more different strategic co-operations with the Group's major customers and suppliers and enhancing the non-smartphone businesses development such as products applied in automotive, industrial products.

Proposed Spin-off Update and Expenses

The management would like to update the Shareholders that the Proposed Spin-off is still under progress since the announcements of the Company dated 8 April 2013, 15 October 2013, 15 July 2014 and 1 December 2014 related to the Proposed Spin-off were made. Truly Opto-Electronics Limited is still seeking an alternative way of listing in the PRC.

During the year, the Group has incurred around HK$5,691,000 (2013: HK$5,658,000) of professional expenses and around HK$13,996,000 (2013: HK$24,583,000) of tax for assets transfer between the Group and Truly Opto-Electronics Limited for the progress of the Proposed Spin-off respectively, which were charged to the profit for the year.

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

FINANCIAL ANALYSIS

Results

Results for the year ended 31 December 2014, the Group's audited consolidated revenue amounted to HK$21.4 billion (2013: HK$20.7 billion), representing an increase of 3.6% as compared to that of last year.

The Group's gross profit margin and net profit margin attributable to the owners of the Company decreased to 11.6% and 5.2% in year 2014 from 14.0% and 7.8% in year 2013 respectively.

EBITDA and profit attributable to owners of the Company were decreased to HK$2,492 million (2013: HK$2,813 million) by 11.4% and HK$1,118 million (2013: HK$1,620 million) by 31.0% respectively. Basic earnings per share was decreased to 38.41 HK cents (2013: 57.43 HK cents) by 33.1%.

Income Tax Expenses

In May 2013, a non-wholly owned subsidiary of the Company in the PRC has successfully entitled to enjoy the preferential treatment on corporate tax by High Technology Enterprises for 3 years commencing from 1 January 2012, the applicable corporate income tax rate for this subsidiary reduced from original 25% to the preferential tax rate of 15% since 2012. Therefore, around HK$68 million of overstated income tax expense for the year ended 31 December 2012 has been credited to the income tax expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2013 because such PRC subsidiary used 25% to accrue PRC corporate income tax for the year ended 31 December 2012. For detail, please refer to the Company's announcement (Voluntary

Announcement — Confirmation of Preferential Treatment of Truly Shanwei in Connection with Recognition as High Technology Enterprises) on 30 May 2013. It was the major reason for the increase in income tax expense for 2014 when compared to 2013.

Investment, Assets and Liabilities

On 11 November 2014, Truly Semiconductors Ltd ("Truly Semiconductors"), an indirectly wholly-owned PRC subsidiary of the Company, entered into the Capital Increase Agreement with Huizhou Investment Holdings Limited* ("Huizhou Investment") (惠州市投資控股有限公司) and Huizhou Zhongkai High-tech District Investment and Development Company Limited* ("Huizhou Zhongkai") (惠州仲愷高新區投資開發有限責任公司), being original Parties to the Shareholders Agreement, to increase the registered capital of the JV Company. Pursuant to the Capital Increase Agreement, the Parties agreed to increase the registered capital of the JV Company from RMB1,132 million to RMB2,000 million, with each of Truly Semiconductors, Huizhou Zhongkai and Huizhou Investment contributing additional RMB460 million, RMB183 million and RMB225 million by cash respectively. Upon such capital increase, the JV Company will be held as to 53% by Truly Semiconductors, 24.5% by Huizhou Zhongkai and 22.5% by Huizhou Investment. For detail of this capital increase transaction, please refer to the Company's announcement (Discloseable Transaction — Capital Increase Agreement) on 11 November 2014. The new factory buildings construction of this associated company of the Group is under progress and is expected to be completed by the end of 2015.

During the year, the Group acquired plant and machinery amounting to approximately HK$1,696 million and furniture, fixtures and equipment amounting to approximately HK$348 million for the purpose of enhancing its manufacturing capacity and production automation in the China factory campus.

Total assets were increased by approximately 15.1% to approximately HK$18,732 million which comprised approximately HK$10,786 million of current assets, approximately HK$6,781 million of property, plant and equipment and approximately HK$1,165 million of other non-current assets. Total liabilities were approximately HK$11,208 million, of which approximately HK$10,291 million were current liabilities and approximately HK$917 million were non-current liabilities.

Liquidity and Financial Resources

As at 31 December 2014, the outstanding bank and other borrowings, net of fixed deposit, cash and bank balances, were approximately HK$1,774 million (2013: approximately HK$1,078 million). It was increased by approximately 65% when compared to last year. These borrowing bear interest at prevailing market rate and their maturity profiles are shown in the financial statements. For non-current portion of these borrowings were matured within 5 years.

The financial position of the Group is still healthy for future capital expansion while maintaining a sufficiently high level of fixed deposits, cash and bank balances (approximately HK$3,664 million at 31 December 2014) together with adequate unutilized banking facilities. The gearing ratio based on total interest bearing debts, net of fixed deposits, cash and bank balances was approximately 25%, which has increased from 16% at 31 December 2013.

Capital expenditure commitment of around HK$341 million for the year 2015 in respect of acquisition of property, plant and equipment was contracted for but not provided, while the capital commitment for the investment in an associated company was RMB460 million (approximately HK$575 million) as at 31 December 2014. It is expected that the capital commitment for the investment in an associated company would be paid in the second quarter of year 2015.

General

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

Except for investments in subsidiaries, an associated company 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$2,196 million. As at 31 December 2014, the Group had no pledge or mortgage on its fixed assets.

More than 30,000 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$2,029 million.

At the balance sheet date, a subsidiary of the Company is a defendant in a legal action in Italy involving the alleged defective goods manufactured by the subsidiary according to its customers' designs and specifications. The claim above against the subsidiary is approximately Euro 7.2 million (equivalent to approximately HK$68 million) in aggregate. The directors believe, based on legal advice, that the case has legal and factual grounds to defend and therefore it is not probable that losses (including claims for costs) will be incurred. As a result, no provision has been made at the end of the reporting period in this regard.

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 2014.

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 2014 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 (2013: 12 HK cents) per share for the year ended 31 December 2014, based on ordinary shares in issue (number of ordinary shares issued at 28 February 2015: 2,907,099,398), to shareholders whose names appear on the Register of Members on 28 May 2015 (Thursday). It is expected that the final dividend payments will be made to shareholders on 5 June 2015, Friday, subject to the Company's shareholders' approval at the Annual General Meeting of the Company.

The interim dividends in aggregate of 10 HK cents per share (2013: 7 HK cents) were paid in 2014 and 2015 to shareholders on the register of member of the Company at the close of business on 9 June 2014, 8 September 2014 and 3 December 2014, based on 2,914,753,398, 2,908,088,398 and 2,907,099,398 ordinary shares in issue respectively.

The total dividend payout ratio for the year was about 39.1%.

Closure of Register of Members

For determining the entitlement to attend and vote at the 2015 Annual General Meeting, the Register of Members will be closed from Wednesday, 20 May 2015 to Thursday, 21 May 2015, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 19 May 2015.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Thursday, 28 May 2015, during which day 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 4:30 p.m. on Wednesday, 27 May 2015.

Annual General Meeting

The 2015 Annual General Meeting of the Company will be held in May 2015. A notice convening the meeting will be issued in due course.

Purchase, Sale or Redemption of Security

During the year 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 12,494,000 ordinary shares on the Stock Exchange for an aggregate consideration of HK$54,639,000 and all these shares were subsequently cancelled by the Company and accounted for approximately 0.4% of the total issued share capital of the Company as at 31 December 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 year ended 31 December 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 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 "Corporate Governance Code" contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2014, except for the deviation from the Code Provisions A.2.1, A.5.6 and E.1.2. The reason for deviation from A.2.1, A.5.6 and E.1.2 have been set out in the interim report for 2014 of the Company.

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 2014 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.

* *For identification purposes only*

By Order of the Board
Lam Wai Wah
Chairman

Hong Kong, 18 March 2015

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.