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**TRULY<sup>®</sup>**

**TRULY INTERNATIONAL HOLDINGS LIMITED**

**信利國際有限公司**

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

**(Stock Code: 00732)**

**ANNOUNCEMENT OF INTERIM RESULTS 2023**

	For the six months ended		Change
	30 June		
	2023	2022	
	Unaudited	Unaudited	
	HK\$'000	HK\$'000	
Revenue	<b>7,258,234</b>	10,794,366	<b>-32.8%</b>
Gross profit	<b>660,320</b>	1,069,900	<b>-38.3%</b>
Profit for the period attributable to the owners of the Company	<b>167,578</b>	560,422	<b>-70.1%</b>
EBITDA	<b>1,070,667</b>	1,622,106	<b>-34.0%</b>
Basic earnings per share ( <i>HK cents</i> )	<b>5.30</b>	17.05	<b>-68.9%</b>
Dividend per share ( <i>HK cents</i> )			
— Interim(s)	<b>5</b>	5	<b>—</b>

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 2023 (the “Period”), together with the comparative figures for the corresponding period of 2022 and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2023 together with audited comparative figures as at 31 December 2022 as follows and these unaudited condensed interim financial statements have been reviewed by the audit committee and approved by the board of directors of the Company:

## **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2023*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUE</b>	3	<b>7,258,234</b>	10,794,366
Cost of sales		<b>(6,597,914)</b>	(9,724,466)
Gross profit		<b>660,320</b>	1,069,900
Other income		<b>75,965</b>	159,239
Other gains and losses		<b>56,389</b>	31,863
Net unrealized gain (loss) on financial assets at fair value through profit or loss (“FVTPL”)		<b>141</b>	(1,110)
Administrative expenses		<b>(218,491)</b>	(238,092)
Distribution and selling expenses		<b>(180,145)</b>	(231,833)
Finance costs	4	<b>(191,756)</b>	(176,376)
Share of results of associates		<b>(41,368)</b>	6,460
<b>PROFIT BEFORE TAX</b>		<b>161,055</b>	620,051
<b>INCOME TAX EXPENSE</b>	5	<b>(30,363)</b>	(92,037)
<b>PROFIT FOR THE PERIOD</b>	6	<b>130,692</b>	528,014
<b>OTHER COMPREHENSIVE EXPENSE</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>(580,200)</b>	(512,981)
Share of exchange differences arising on translation of associates		<b>–</b>	(196)
Other comprehensive expense for the period		<b>(580,200)</b>	(513,177)
<b>TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD</b>		<b>(449,508)</b>	14,837

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the Period attributable to:		
Owners of the Company	<b>167,578</b>	560,422
Non-controlling interests	<b>(36,886)</b>	(32,408)
	<u><b>130,692</b></u>	<u>528,014</u>
Total comprehensive (expense) income for the Period attributable to:		
Owners of the Company	<b>(366,403)</b>	61,213
Non-controlling interests	<b>(83,105)</b>	(46,376)
	<u><b>(449,508)</b></u>	<u>14,837</u>
<b>EARNINGS PER SHARE</b>		
Basic — HK cents	<b>5.30</b>	17.05

7

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		12,909,508	14,023,037
Right-of-use assets		845,862	915,060
Intangible assets		–	–
Goodwill		587,837	587,837
Interest in associates		1,430,012	1,537,854
Financial assets at fair value through profit or loss		3,830	3,689
Deferred tax assets		67,731	62,176
Deposits paid for acquisition of property, plant and equipment		14,317	17,218
Rental deposits		52,259	79,922
		<b>15,911,356</b>	17,226,793
<b>CURRENT ASSETS</b>			
Inventories		2,922,709	3,164,254
Derivative financial instruments		–	1,894
Trade and other receivables	8	3,006,909	3,357,797
Trade receivable at fair value through other comprehensive income	9	678,909	990,645
Amount due from an associate		25,250	15,154
Tax recoverable		26,065	30,933
Restricted bank deposits		803,175	844,894
Cash and cash equivalents		1,103,443	858,759
		<b>8,566,460</b>	9,264,330
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	6,758,114	7,529,208
Contract liabilities		245,392	375,110
Tax liabilities		77,061	101,184
Bank and other borrowings		5,809,895	5,387,879
Amounts due to an associate		230,235	528,618
Lease liabilities		68,293	94,507
Derivative financial instruments		–	1,030
		<b>13,188,990</b>	14,017,536
<b>NET CURRENT LIABILITIES</b>		<b>(4,622,530)</b>	(4,753,206)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>11,288,826</b>	12,473,587

	<b>30 June 2023</b>	31 December 2022
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
<b>NON-CURRENT LIABILITIES</b>		
Bank and other borrowings	<b>1,378,911</b>	1,877,648
Other payable	<b>1,184</b>	50,061
Lease liabilities	<b>22,652</b>	52,772
Deferred tax liabilities	<b>156,761</b>	156,203
	<u><b>1,559,508</b></u>	<u>2,136,684</u>
<b>NET ASSETS</b>	<u><b>9,729,318</b></u>	<u>10,336,903</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>63,222</b>	63,222
Share premium and other reserves	<b>9,416,288</b>	9,922,463
	<u><b>9,479,510</b></u>	<u>9,985,685</u>
Equity attributable to owners of the Company	<b>9,479,510</b>	9,985,685
Non-controlling interests	<b>249,808</b>	351,218
	<u><b>9,729,318</b></u>	<u>10,336,903</u>
<b>TOTAL EQUITY</b>	<u><b>9,729,318</b></u>	<u>10,336,903</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 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 fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.

### Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1st January 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Definition of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

## **Impacts and changes in accounting policies on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

### *(a) Accounting policies*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

### *(b) Transition and summary of effects*

As disclosed in the Group's annual financial statements for the year ended 31 December 2022, the Group previously applied the HKAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

- (i) The Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) The Group also, as at 1 January 2022, recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax assets of HK\$2,509,000 and deferred tax liabilities of HK\$2,509,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

Except for the Amendments to HKAS 12, the application of other new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision makers, for the purpose of resources 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 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, fingerprint identification 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 2023 (Unaudited)*

	LCD products <i>HK\$’000</i>	Electronic consumer products <i>HK\$’000</i>	Segment total <i>HK\$’000</i>	Eliminations <i>HK\$’000</i>	Consolidated <i>HK\$’000</i>
REVENUE					
External sales	5,746,908	1,511,326	7,258,234	–	7,258,234
Inter-segment sales	–	684,177	684,177	(684,177)	–
	<u>5,746,908</u>	<u>2,195,503</u>	<u>7,942,411</u>	<u>(684,177)</u>	<u>7,258,234</u>
RESULT					
Segment result	468,812	(46,778)	422,034	(21,347)	400,687
Finance costs					(191,756)
Share of result of associates					(41,368)
Unallocated expenses					<u>(6,508)</u>
Profit before tax					<u>161,055</u>



*Six months ended 30 June 2022 (Unaudited)*

	LCD products <i>HK\$'000</i>	Electronic consumer products <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>					
External sales	8,908,851	1,885,515	10,794,366	–	10,794,366
Inter-segment sales	–	198,545	198,545	(198,545)	–
	<u>8,908,851</u>	<u>2,084,060</u>	<u>10,992,911</u>	<u>(198,545)</u>	<u>10,794,366</u>
<b>RESULT</b>					
Segment result	781,710	25,756	807,466	(9,292)	798,174
Finance costs					(176,376)
Share of result of associates					6,460
Unallocated expenses					<u>(8,207)</u>
Profit before tax					<u>620,051</u>

**4. FINANCE COSTS**

<b>Six months ended 30 June</b>	
<b>2023</b>	<b>2022</b>
<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>(Unaudited)</b>	<b>(Unaudited)</b>

Interest on bank and other borrowings wholly repayable within five years	<u><b>191,756</b></u>	<u>176,376</u>
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**5. INCOME TAX EXPENSE**

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Directors consider the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. 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, PRC subsidiaries qualified as Hi-Tech Enterprise or eligible to enjoy the western region preferential income tax policies are subject to 15% PRC enterprise income tax. The tax rate of the other PRC subsidiaries is 25%.

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% to 10%.

## 6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Auditor's remuneration	2,400	2,400
Cost of inventories recognised as an expense	5,315,243	8,074,479
Depreciation and amortisation on:		
Property, plant and equipment	687,928	789,291
Right-of-use assets	29,928	36,388
Loss on disposal of property, plant and equipment	11,756	3,908
Operating lease rental in respect of rented premises	1,788	1,202
Staff costs, inclusive of directors' remuneration	731,588	1,071,071
Other taxes	40,194	38,962

## 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:

<u>Earnings</u>	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	167,578	560,422
<u>Number of shares</u>	2023	2022
	'000	'000
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	3,161,105	3,287,149

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the share repurchase during the interim period in 2022.

No diluted earnings per share is presented as there was no significant potential ordinary shares outstanding at the end of 30 June 2023 and 2022, respectively.

## 8. TRADE AND OTHER RECEIVABLES

	<b>30 June 2023</b>	31 December 2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables	<b>2,769,741</b>	3,187,325
Less: Allowance for credit losses	<b>(48,016)</b>	(49,324)
	<b><u>2,721,725</u></b>	<u>3,138,001</u>
Other receivables, deposits and prepayments	<b>337,443</b>	299,718
Total trade and other receivables	<b>3,059,168</b>	3,437,719
Less: Rental deposits shown under non-current assets	<b>(52,259)</b>	(79,922)
Amounts shown under current assets	<b><u>3,006,909</u></b>	<u>3,357,797</u>

The following is an ageing analysis of trade receivables presented based on the invoice date at the end of the reporting period, net of the allowance for credit losses, at the reporting date:

	30 June 2023			31 December 2022		
	Trade receivable	Bills receivable	Total	Trade receivable	Bills receivable	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Within 60 days	1,573,829	117	1,573,946	2,075,223	–	2,075,223
61 to 90 days	549,928	–	549,928	500,384	–	500,384
More than 90 days	597,851	–	597,851	562,394	–	562,394
	<b><u>2,721,608</u></b>	<b><u>117</u></b>	<b><u>2,721,725</u></b>	<u>3,138,001</u>	<u>–</u>	<u>3,138,001</u>

Movement in the allowance for credit losses:

	<b>30 June 2023</b>
	<b>HK\$'000</b>
	<b>(Unaudited)</b>
Balance at the beginning of the reporting period	<b>49,324</b>
Impairment losses recognised on receivables (net of impairment losses reversed) and new financial assets originated	<b>(311)</b>
Amounts written off as uncollectible	<b>(997)</b>
Balance at the end of the reporting period	<b><u>48,016</u></b>

**9. TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>30 June 2023</b>	31 December 2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Trade receivables	<b>205,922</b>	255,865
Bills receivables	<b>472,987</b>	734,780
	<b><u>678,909</u></b>	<u>990,645</u>

The following is an ageing analysis of trade and bills receivables at fair value through other comprehensive income presented based on the invoice date at the end of the reporting period:

	30 June 2023			31 December 2022		
	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	<b>138,719</b>	<b>207,304</b>	<b>346,023</b>	249,359	279,277	528,636
61–90 days	<b>67,203</b>	<b>62,164</b>	<b>129,367</b>	4,600	150,357	154,957
More than 90 days	–	<b>203,519</b>	<b>203,519</b>	1,906	305,146	307,052
	<b><u>205,922</u></b>	<b><u>472,987</u></b>	<b><u>678,909</u></b>	<u>255,865</u>	<u>734,780</u>	<u>990,645</u>

**10. TRADE AND OTHER PAYABLES**

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

	30 June 2023			31 December 2022		
	Trade payables	Bills payables	Total	Trade payables	Bills payables	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Within 60 days	<b>2,224,683</b>	<b>602,853</b>	<b>2,827,536</b>	2,656,845	641,879	3,298,724
61 to 90 days	<b>371,227</b>	<b>311,154</b>	<b>682,381</b>	732,309	230,004	962,313
More than 90 days	<b>853,104</b>	<b>658,075</b>	<b>1,511,179</b>	72,420	1,526,706	1,599,126
	<b><u>3,449,014</u></b>	<b><u>1,572,082</u></b>	<b><u>5,021,096</u></b>	<u>3,461,574</u>	<u>2,398,589</u>	<u>5,860,163</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group is one of the largest manufacturers of smartphone component parts in China and worldwide top-level automotive display suppliers. The Group is principally engaged in the manufacture and sale of (i) liquid crystal display products, including touch panel products and (ii) electronic consumer products, including compact camera module, fingerprint identification modules, personal health care products and electrical devices.

### **BUSINESS REVIEW**

During the first half of 2023, the global economy was challenging due to factors such as high interest rate, geopolitical conflict and diverse trends in global economic growth. The smartphone industry was still in the downward trend and the competition in smartphone market was very keen in the Period. Nonetheless, the Group has been strengthening its research and development capacity and enhancing co-operation with customers in developing their new products.

The Group's revenue of HK\$7.26 billion for the six months ended 30 June 2023 was approximately 32.8% lower than that for the same period in 2022, with the smartphone related products business declining significantly by 51.9% year-on-year, while the non-smartphone related products business, including vehicle-mounted, industrial, medical and Internet of Things related products, declining by 12.7% year-on-year. In view of the still keen competition in the smartphone related products business and the underperforming mid-to-high-end handset market, the Group's gross profit margin for the six months ended 30 June 2023 decreased to 9.1%, representing a decrease of approximately 0.8% when compared to the corresponding period in 2022.

### **FINANCIAL REVIEW**

#### **Revenue**

The Group's revenue for the six month ended 30 June 2023 (the "Period") was approximately HK\$7,258 million, representing a decrease of approximately 32.8% or approximately HK\$3,536 million when compared with the corresponding period of 2022. The decrease in revenue was mainly attributable by the decrease in smartphone related sales in the People Republic of China ("PRC") for the first half of 2023 when compared to the corresponding period of 2022.

#### **Gross Profit and Margin**

The Group's gross profit for the Period was approximately HK\$660 million and the gross profit margin was approximately 9.1%, which were approximately 38.3% and 0.8% lower than that for the corresponding period of 2022 respectively. Decreases in gross profit and gross profit margin were mainly due to decrease of average selling price of certain smartphone related products.

## **Other Income**

The Group's other income for the Period was approximately HK\$76.0 million, representing a decrease of approximately 52.3% or approximately HK\$83.3 million when compared with the corresponding period of 2022. Other income decreased mainly because the government subsidies of approximately HK\$34.1 million were received in the Period but approximately HK\$123.8 million in corresponding period of 2022.

## **Other Gains and Losses**

The Group's other gains and losses for the Period was approximately HK\$56.4 million net other gains (2022 H1: approximately HK\$31.9 million). The increase in net other gains in the Period was mainly due to the net foreign exchange gain of approximately HK\$69.4 million recorded during the Period (2022 H1: approximately HK\$38.2 million).

## **Administrative Expenses**

The Group's administrative expenses for the six months ended 30 June 2023 decreased by approximately 8.2% or approximately HK\$19.6 million to approximately HK\$218.5 million when compared to the corresponding period of 2022. The decrease in administrative expenses in the Period was mainly due to the decrease of salaries and allowances.

## **Distribution and Selling Expenses**

The Group's distribution and selling expenses for the six months ended 30 June 2023 decreased by approximately 22.3% or approximately HK\$51.7 million to approximately HK\$180.0 million when compared to the corresponding period of 2022. The decrease in distribution and selling expenses in the Period was mainly due to the decrease of freight rates and payroll costs during the Period.

## **Profit for the Period Attributable to Owners of the Company**

The profit for the Period attributable to owners of the Company was decreased to approximately HK\$167.6 million by approximately 70.1% when compared to the corresponding period of 2022. It was mainly because the revenue and gross profit margin for the Period have been decreased by approximately HK\$3,536 million and approximately 0.8% respectively when compared to the corresponding period of 2022.

## OUTLOOK

Looking ahead to the second half of 2023, both the smartphone related products and non-smartphone related products business remain challenging due to the uncertainty in the global economic environment which impacts the demand. The management will keep abreast of display market development and supply chain management, technological upgrades in the industry and maintain close communication with our long-term customers to deliver high quality and appropriate products and solutions.

## SIGNIFICANT INVESTMENTS, ACQUISITIONS, ASSETS AND LIABILITIES

### **Investment in an associate, Truly (Renshou) High-end Display Technology Limited\* (信利(仁壽)高端顯示科技有限公司) (“Truly Renshou”)**

Truly Renshou has completed the building construction of the fifth generation of TFT-LCD factory in Renshou in 2018. The full installation of the machineries was completed in 2020 and full-scale trial operation commenced in late 2020 and entered mass production in 2021.

Truly Renshou is accounted for as an associate of the Group during the Period because the Group has significant influence over Truly Renshou by virtue of the substantial voting right of 67.1% granted to the Group in the first ten years since the incorporation of Truly Renshou in 2017. Thus, the results, assets and liabilities of Truly Renshou is incorporated in the Group’s consolidated financial statements using equity method of accounting.

In December 2022, the Group acquired additional 10% equity interest from another shareholder in Truly Renshou at a cash consideration of RMB845,440,000, of which RMB300,000,000 (equivalent to HK\$348,000,000) was settled in December 2022 and the remaining consideration of RMB545,440,000 (equivalent to HK\$632,710,000) will be settled not later than 15 December 2023 and carry interest at 3.3% per annum. The effective interest of the Group in Truly Renshou increased from 7.14% to 17.14%. There is no change of the terms of the Articles of Association of Truly Renshou including the voting rights of the shareholders and Truly Renshou remains as an associate of the Group.

## **Update on Major Transaction Formation of the AMOLED JV Company**

On 14 July 2017, Truly Electronics Manufacturing Limited (信利電子有限公司), a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company, entered into the AMOLED JV agreement in relation to the formation of the AMOLED JV Company in Renshou County, Meishan City, Sichuan Province, the PRC as the project company for the AMOLED Project. The total investment of the AMOLED JV Company will be RMB27,900 million and production facilities for the sixth generation of AMOLED will be established. The Group will contribute RMB2,000 million for 13.3% equity interest. For detail of it, please refer to the announcement of the Company, Major Transaction Formation of the AMOLED JV Company, dated 14 July 2017.

The Company is in discussion with other parties to the AMOLED JV agreement regarding the shareholders agreement. There is no long stop date stipulated in the AMOLED JV Agreement, and the AMOLED JV Agreement remains valid as at the date hereof. For detail of it, please refer to the announcement of the Company, Update in Relation to A Major Transaction for the Formation of the AMOLED JV Company, dated 20 December 2022.

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

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group's assets have been decreased by approximately HK\$2,013 million and liabilities have been decreased by approximately HK\$1,406 million during the Period.

As at 30 June 2023, the outstanding lease liabilities, and bank and other borrowings, net of restricted bank deposits, bank balances and cash, were approximately HK\$5,373 million (31 December 2022: approximately HK\$5,709 million). It was decreased by approximately 5.9% or HK\$336 million when compared to these net borrowings as at 31 December 2022. These borrowings 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.

As at 30 June 2023, the Group had net current liabilities of approximately HK\$4,623 million (as at 31 December 2022, net current liabilities of approximately HK\$4,753 million) and its current ratio decreased to 0.65 times as at 30 June 2023 from 0.66 times as at 31 December 2022. The major reason for the decrease in net current liabilities position as at 30 June 2023 was because the Group has reduced current liabilities. The management would continue to improve the Group's net current liabilities position.



As at 30 June 2023, the Group has restricted bank deposits, bank balances and cash approximately HK\$1,907 million together with adequate unutilized banking facilities. The Group's working capital is mainly financed by internal cash flow generated from its operation and banking facilities granted by financial institutions. The gearing ratio based on total interest bearing debts, net of restricted bank deposits, cash and bank balances was approximately 57%, which is same as at 31 December 2022.

### **Pledge of Assets**

At 30 June 2023, the Group's borrowings amounting to HK\$223,399,000 were secured by buildings held by Truly (Huizhou) Smart Display Limited\* (信利(惠州)智能顯示有限公司) with carrying amount of HK\$503,993,000.

### **General**

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

Around 15,000 workers and staff are currently employed in factories of the Company in the PRC and around 60 personnel in the Group's Hong Kong office. Total staff costs for the Period were approximately HK\$732 million.

### **Capital Commitments**

Capital expenditure commitment of around HK\$347 million in respect of acquisition of property, plant and equipment was contracted for but not provided as at 30 June 2023.

### **Contingent Liabilities**

We had no material contingent liabilities as at 30 June 2023.

Exposure to fluctuations in exchange rates will be considered to hedge, if any.

## **OTHER INFORMATION**

### **Interim Dividend**

The Directors have resolved to declare an interim dividend of 5 HK cents per ordinary share (2022: 5 HK cents) for the period payable in cash to shareholders whose names appear on the register of members of the Company on Tuesday, 14 November 2023. It is expected that the interim dividend payments will be made to shareholders on Friday, 1 December 2023.

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

The register of members of the Company will be closed on Tuesday, 14 November 2023 during which day no transfer of shares can be registered. The record date for entitlement to the interim dividend is Tuesday, 14 November 2023. In order to qualify for the interim dividend, all transfers of shares accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 13 November 2023.

### **Purchase, Sale or Redemption of the Company's Listed Securities**

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 2023.

### **Model Code**

Specific enquiry has been made to all Directors, and none of the Directors of the Company is aware of information that would reasonably indicate that the Directors were 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 on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

## **Audit Committee**

The Company has an audit committee which was established in accordance with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules 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. Cheung Wai Yin, Wilson and Mr. Heung Kai Sing. They meet at least four times a year.

The Audit Committee of the Company has reviewed this unaudited interim condensed consolidated financial statements of the Group for the period and was satisfied that such financial statements were prepared in accordance with applicable accounting standard.

## **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 2023, except for major deviations as below:

— *Code Provision C.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 believes that this structure will enable the Company to achieve higher efficiency and effectiveness when formulating business strategies and executing business plans. 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.

— *Code Provision F.2.2*

The Chairman did not attend the annual general meeting of the Company held on 12 May 2023 in Hong Kong because he has been stationed at the Shanwei factory of the Group since February 2020.

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there was no other important event affecting the Group that occurred after 30 June 2023 and up to the date of this announcement.

### Publications of Interim Results and Interim Report

This interim results announcement is published on the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.truly.com.hk](http://www.truly.com.hk). The 2023 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 HKEXnews website and on the website of the Company in due course.

By Order of the Board  
**Truly International Holdings Limited**  
**Lam Wai Wah**  
*Chairman*

Hong Kong, 28 August 2023

*As at the date of this announcement, the Board comprises Mr. Lam Wai Wah, Mr. Wong Pong Chun, James and Mr. Cheung Wing Cheung as executive directors; Mr. Song Bei Bei and Mr. Dai Chung Yun as non-executive directors; and Mr. Chung Kam Kwong, Mr. Heung Kai Sing and Mr. Cheung Wai Yin, Wilson as independent non-executive directors.*

\* *For identification purpose only*