

The Truly logo is rendered in a bold, italicized, red sans-serif font. A registered trademark symbol (®) is positioned to the upper right of the 'Y'. The background of the entire page is a vibrant blue gradient, overlaid with a complex network of white and light blue lines, circles, and dashed patterns that create a sense of depth and digital connectivity.

TRULY®

Truly International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00732

2023
INTERIM REPORT

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Lam Wai Wah (Chairman)
Wong Pong Chun, James
Cheung Wing Cheung

NON-EXECUTIVE DIRECTOR

Song Bei Bei
Dai Cheng Yun (re-designated from
an executive director to a non-executive
director with effect from 28 August 2023)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Kam Kwong
Heung Kai Sing
Cheung Wai Yin, Wilson
(appointed on 25 March 2023)

COMPANY SECRETARY

Lau Fan Yu

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL OFFICE

2/F Chung Shun Knitting Centre
1-3 Wing Yip Street
Kwai Chung, N.T.
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
17/F, Far East Finance Centre,
16 Harcourt Road, Hong Kong

HONG KONG LEGAL ADVISOR

Morgan, Lewis & Bockius
Suites 1902-09, 19th Floor
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

MAJOR BANKERS

Agricultural Bank of China Limited
Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
Bank SinoPac
China Construction Bank Corporation
China Construction Bank (Asia)
Corporation Limited
Citibank, N.A.
CTBC Bank Co., Ltd.
CMB Wing Lung Bank Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of
China Limited
KBC Bank N.V.
Mizuho Bank, Ltd.
Standard Chartered Bank (Hong Kong) Limited
Taipei Fubon Commercial Bank Co., Ltd.
Taishin International Bank Co., Limited
The Bank of East Asia, Limited
United Overseas Bank Limited

WEBSITE

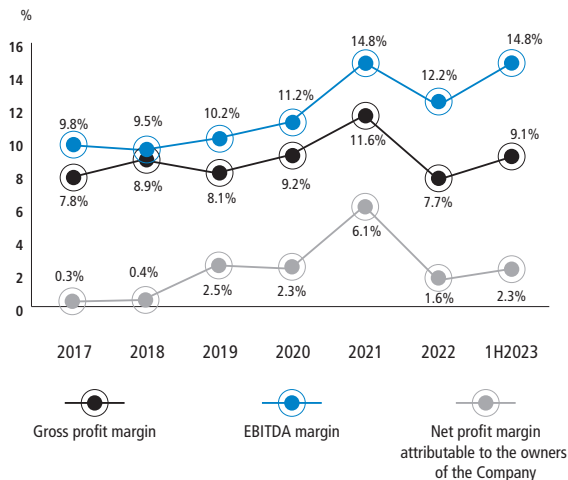
<http://www.truly.com.hk>

FINANCIAL HIGHLIGHTS

For the six months ended 30 June

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

ANALYSIS OF EBITDA, GROSS AND NET PROFIT MARGINS (%)



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit for the Period attributable to:			
Owners of the Company		167,578	560,422
Non-controlling interests		(36,886)	(32,408)
		130,692	528,014
Total comprehensive (expense) income for the Period attributable to:			
Owners of the Company		(366,403)	61,213
Non-controlling interests		(83,105)	(46,376)
		(449,508)	14,837
EARNINGS PER SHARE			
Basic — HK cents	8	5.30	17.05

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	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	10	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
		15,911,356	17,226,793
CURRENT ASSETS			
Inventories		2,922,709	3,164,254
Derivative financial instruments		–	1,894
Trade and other receivables	11	3,006,909	3,357,797
Trade receivable at fair value through other comprehensive income	12	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
		8,566,460	9,264,330

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2023

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	13	6,758,114	7,529,208
Contract liabilities		245,392	375,110
Tax liabilities		77,061	101,184
Bank and other borrowings	14	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
		13,188,990	14,017,536
NET CURRENT LIABILITIES		(4,622,530)	(4,753,206)
TOTAL ASSETS LESS CURRENT LIABILITIES		11,288,826	12,473,587
NON-CURRENT LIABILITIES			
Bank and other borrowings	14	1,378,911	1,877,648
Other payable		1,184	50,061
Lease liabilities		22,652	52,772
Deferred tax liabilities		156,761	156,203
		1,559,508	2,136,684
NET ASSETS		9,729,318	10,336,903
CAPITAL AND RESERVES			
Share capital	15	63,222	63,222
Share premium and other reserves		9,416,288	9,922,463
Equity attributable to owners of the Company		9,479,510	9,985,685
Non-controlling interests		249,808	351,218
TOTAL EQUITY		9,729,318	10,336,903

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share Capital HK\$'000	Share Premium HK\$'000	Special Reserve HK\$'000 (note a)
At 31 December 2021 (audited)	65,785	1,395,441	990
Profit (loss) for the period	–	–	–
Other comprehensive expense for the period			
— Exchange differences arising on translation of foreign operations	–	–	–
— Exchange differences arising on translation of associate	–	–	–
Other comprehensive expense for the period	–	–	–
Total comprehensive (expense) income for the period	–	–	–
Share repurchased	(224)	(25,444)	–
Dividend declared	–	–	–
At 30 June 2022 (unaudited)	65,561	1,369,997	990
(Loss) profit for the period	–	–	–
Other comprehensive (expense) income for the period			
— Exchange differences arising on translation of foreign operations	–	–	–
— Exchange differences arising on translation of associates	–	–	–
Other comprehensive expense for the period	–	–	–
Total comprehensive (expense) income for the period	–	–	–
Share repurchased	(2,339)	(159,434)	–
Dividend declared	–	–	–
Transfer	–	–	–
At 31 December 2022 (audited)	63,222	1,210,563	990
Profit (loss) for the period	–	–	–
Other comprehensive expense for the period			
— Exchange differences arising on translation of foreign operations	–	–	–
Other comprehensive expense for the period	–	–	–
Total comprehensive (expense) income for the period	–	–	–
Acquisition of additional interest in a subsidiary	–	–	–
Dividend declared	–	–	–
Transfer	–	–	–
At 30 June 2023 (unaudited)	63,222	1,210,563	990

Notes:

- (a) The special reserve represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisitions.
- (b) Other reserves comprise: (i) the statutory surplus reserve and the enterprise expansion reserve of the subsidiaries established in the People's Republic of China (the "PRC") other than Hong Kong. According to the Articles of Association of the PRC subsidiaries, a percentage of net profit as reported in the PRC statutory accounts should be transferred to the statutory surplus reserve and the enterprise expansion reserve determined at the discretion of the board of directors of these companies. The statutory surplus reserve can be set off against accumulated loss whilst the enterprise expansion reserve can be used for expansion of production facilities or an increase in registered capital; and (ii) amounts arising from the acquisition of additional equity interests in subsidiaries from non-controlling shareholders of subsidiaries or deemed disposal of equity interests in subsidiaries without losing control. It represents the difference between the consideration paid or received and the adjustment to the non-controlling interests in subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2023

Capital redemption reserve HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000 (note b)	Retained profits HK\$'000	Total equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
867	994,182	1,692,476	7,132,642	11,282,383	377,126	11,659,509
-	-	-	560,422	560,422	(32,408)	528,014
-	(499,013)	-	-	(499,013)	(13,968)	(512,981)
-	(196)	-	-	(196)	-	(196)
-	(499,209)	-	-	(499,209)	(13,968)	(513,177)
-	(499,209)	-	560,422	61,213	(46,376)	14,837
107	-	-	(25,561)	(25,561)	-	(25,561)
-	-	-	(164,461)	(164,461)	-	(164,461)
974	494,973	1,692,476	7,528,603	11,153,574	330,750	11,484,324
-	-	-	(242,189)	(242,189)	33,376	(208,813)
-	(600,404)	-	-	(600,404)	(12,908)	(613,312)
-	196	-	-	196	-	196
-	(600,208)	-	-	(600,208)	(12,908)	(613,116)
-	(600,208)	-	(242,189)	(842,397)	20,468	(821,929)
(107)	-	-	-	(161,880)	-	(161,880)
-	-	-	(163,612)	(163,612)	-	(163,612)
-	-	12,976	(12,976)	-	-	-
867	(105,235)	1,705,452	7,109,826	9,985,685	351,218	10,336,903
-	-	-	167,578	167,578	(36,886)	130,692
-	(533,981)	-	-	(533,981)	(46,219)	(580,200)
-	(533,981)	-	-	(533,981)	(46,219)	(580,200)
-	(533,981)	-	167,578	(366,403)	(83,105)	(449,508)
-	(1,160)	4,111	15,332	18,283	(18,305)	(22)
-	-	-	(158,055)	(158,055)	-	(158,055)
-	-	13,995	(13,995)	-	-	-
867	(640,376)	1,723,558	7,120,686	9,479,510	249,808	9,729,318

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	1,704,394	3,000,059
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(188,669)	(309,930)
Deposits paid for acquisition of property, plant and equipment	(14,317)	(12,975)
Placement of restricted bank deposits	(773,929)	(1,089,994)
Release of restricted bank deposits	778,382	809,383
Other investing cash flows	19,569	9,274
	(178,964)	(594,242)
NET CASH USED IN FINANCING ACTIVITIES		
Repayment of bank and other borrowings	(5,902,154)	(6,472,406)
Payment on repurchase of shares	–	(25,561)
Acquisition of additional interest in a subsidiary	(22)	–
Repayment of lease liabilities	(51,962)	(71,893)
Dividend paid	(158,055)	(164,461)
New bank and other borrowings raised	5,041,744	4,641,496
Other financing cash flows	(186,777)	(175,746)
	(1,257,226)	(2,268,571)
NET INCREASE IN CASH AND CASH EQUIVALENTS	268,204	137,246
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	858,759	1,208,068
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(23,520)	75,315
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	1,103,443	1,420,629

Certain comparative figures in condensed consolidated statement of cash flows have been reclassified to conform with current period's presentation.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

2. **PRINCIPAL ACCOUNTING POLICIES (continued)** **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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

2. PRINCIPAL ACCOUNTING POLICIES (continued) 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 (continued)

(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

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 HK\$'000	Electronic consumer products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	5,746,908	1,511,326	7,258,234	—	7,258,234
Inter-segment sales	—	684,177	684,177	(684,177)	—
	5,746,908	2,195,503	7,942,411	(684,177)	7,258,234
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					(6,508)
Profit before tax					161,055

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

3. SEGMENT INFORMATION (continued) Segment revenues and results (continued)

Six months ended 30 June 2022 (Unaudited)

	LCD products HK\$'000	Electronic consumer products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	8,908,851	1,885,515	10,794,366	–	10,794,366
Inter-segment sales	–	198,545	198,545	(198,545)	–
	8,908,851	2,084,060	10,992,911	(198,545)	10,794,366
RESULT					
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					(8,207)
Profit before tax					620,051

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

4. FINANCE COSTS

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on bank and other borrowings wholly repayable within five years	191,756	176,376

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%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (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. DIVIDENDS

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Dividend paid:		
2022 final		
— HK\$5 cents (2021: HK\$5 cents) per ordinary share	158,055	164,461
Dividend proposed:		
2023 interim proposed for the period		
— HK\$5 cents (2022: HK\$5 cents) per ordinary share	158,055	164,461

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

8. 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	167,578	560,422

Number of shares

	2023 '000	2022 '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.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired certain property, plant and equipment amounting to HK\$205,887,000,000 (six months ended 30 June 2022: HK\$338,257,000).

During the period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$12,875,000 (six months ended 30 June 2022: HK\$4,230,000) for a cash consideration of HK\$1,119,000 (six months ended 30 June 2022: HK\$322,000), resulting in loss on disposal of HK\$11,756,000 (six months ended 30 June 2022: HK\$3,908,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Equity shares listed in Hong Kong (note)	3,830	3,689

Notes: The investments represent equity interest in companies incorporated in Hong Kong with its share listed on The Stock Exchange of Hong Kong Limited, which is stated at fair value. The fair value of listed equity security is determined based on quote market bid price available in the relevant stock exchange. During the current interim period, fair value gain of HK\$141,000 (six months ended 30 June 2022: fair value loss of HK\$1,110,000) has been recognised.

11. TRADE AND OTHER RECEIVABLES

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

11. TRADE AND OTHER RECEIVABLES (continued)

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 HK\$'000 (Unaudited)	Bills receivable HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Trade receivable HK\$'000 (Audited)	Bills receivable HK\$'000 (Audited)	Total HK\$'000 (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
	2,721,608	117	2,721,725	3,138,001	-	3,138,001

Movement in the allowance for credit losses:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

12. TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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 HK\$'000 (Unaudited)	Bills receivables HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Trade receivables HK\$'000 (Audited)	Bills receivables HK\$'000 (Audited)	Total HK\$'000 (Audited)
Within 60 days	138,719	207,304	346,023	249,359	279,277	528,636
61–90 days	67,203	62,164	129,367	4,600	150,357	154,957
More than 90 days	–	203,519	203,519	1,906	305,146	307,052
	205,922	472,987	678,909	255,865	734,780	990,645

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

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

14. BANK AND OTHER BORROWINGS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Secured:		
Bank loan	223,399	231,523
Unsecured:		
Bank loans	6,420,345	6,345,429
Trust receipt loans	511,729	616,013
Other loans	33,333	72,562
	7,188,806	7,265,527

During the current interim period, the Group obtained new bank borrowings amounting to approximately HK\$5,041,744,000 (six months ended 30 June 2022: approximately HK\$4,641,496,000). The proceeds are used to repay bank borrowings, finance the daily operation and acquisition of property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

14. BANK AND OTHER BORROWINGS (continued)

As at 30 June 2023, the Group's bank borrowings included fixed-rate borrowings of approximately HK\$4,705,934,000 (31 December 2022: approximately HK\$646,782,000) which carry effective rates ranged from 1.75% to 6.94% per annum (31 December 2022: 2.78% to 5%) (which are also equal to contracted interest rates). The remaining Group's borrowings are variable-rate borrowings which carry interest at Hong Kong Interbank Offered Rate ("HIBOR"), London Interbank Offer Rate ("LIBOR") or Benchmark Loan Rate issued by the National Interbank Funding Center ("Benchmark Loan Rate") plus certain basis points. Interest is mainly repriced every month and the range of effective interest rates is at 1.58% to 6.37% (31 December 2022: 1.58% to 7.02%) per annum.

Certain comparative figures have been reclassified to conform with current period's presentation.

15. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.02 each		
Authorised:		
Balance at 1 January 2022, 31 December 2022 and 30 June 2023	5,000,000,000	100,000
Issued and fully paid:		
Balance at 1 January 2022	3,289,229,398	65,785
Share repurchased and cancelled	(128,124,000)	(2,563)
Balance at 31 December 2022 and 30 June 2023	3,161,105,398	63,222

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

16. CAPITAL COMMITMENTS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	346,756	199,383

17. RELATED PARTY TRANSACTIONS

- (i) During the period, the Group entered into the following transactions with associate.

Associate	Nature of transaction	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Truly (Renshou)	Sales	15,584	296
High-end Display Technology Limited *	Purchase	316,868	1,020,159
信利(仁壽)高端顯示	Utility expenses	4,688	6,833
科技有限公司	Expenses related to short-term lease	1,958	2,132
("Truly Renshou")			

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

17. RELATED PARTY TRANSACTIONS (continued)

- (ii) The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short-term benefits	13,791	8,835
Post-employment benefits	49	50
	13,840	8,885

The remuneration of directors and key executives are determined by the remuneration committee having regard to the performance of individuals and market trends.

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2023 (Unaudited)	31 December 2022 (Audited)		
Financial assets at FVTPL — listed equity shares in Hong Kong	Assets — HK\$3,830,000	Assets — HK\$3,689,000	Level 1	Quoted bid prices in an active market
Derivative financial instruments	Liabilities — HK\$— Assets — HK\$—	Liabilities — HK\$1,030,000 Assets — HK\$1,894,000	Level 2	Discounted cashflow method The Key inputs are foreign exchange spot rates and forward rates and interest rate curves.
Trade receivable at FVTOCI	Assets — HK\$678,909,000	Assets — HK\$990,645,000	Level 2	Discounted cashflow method The Key input is market interest rate.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

19. CONTINGENT LIABILITIES

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

20. 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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2023, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions

(a) Ordinary shares of HK\$0.02 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lam Wai Wah	Beneficial owner	1,442,852,000	45.64
	Held by spouse (note 1)	74,844,000	2.37
		1,517,696,000	48.01
Wong Pong Chun, James	Held by spouse (note 2)	1,650,000	0.05
Song Bei Bei	Beneficial owner	2,600,000	0.08
Dai Cheng Yun	Beneficial owner	202,000	0.01

OTHER INFORMATION (continued)

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

(continued)

Long positions (continued)

- (b) *Registered capital of the associated corporation of the Company*
Truly Opto-Electronics Limited ("Truly Opto") (Note 3)

Name of director	Capacity	Registered capital contributed (RMB)	Percentage of paid up registered capital of Truly Opto %
Wong Pong Chun, James	Beneficial owner	2,590,120	0.70

Notes:

- Lam Wai Wah is deemed to be interested in 74,844,000 ordinary shares of the Company, being the interests held beneficially by his spouse, Chung King Yee, Cecilia.
- Wong Pong Chun, James is deemed to be interested in 1,650,000 ordinary shares of the Company, being the interests held beneficially by his spouse, Lai Ching Mui, Stella.
- Truly Opto-Electronics Limited, a company registered in the People's Republic of China, is an indirect non-wholly owned subsidiary of the Company.
- As at 30 June 2023, the number of issued shares of the Company was 3,161,105,398.

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as at 30 June 2023.

OTHER INFORMATION (continued)

SHARE OPTION SCHEME

During the period under review, the Company has not adopted any share option scheme.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed above under the heading “Directors’ Interests in Shares and Underlying Shares”, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of Lam Wai Wah, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

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

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard set out in Model Code.

Having made specific enquiry of all the Directors, the Company confirmed that all Directors had complied with their obligations regarding dealings in securities under the Model Code set out in Appendix 10 of the Listing Rules during the period under review.

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.

OTHER INFORMATION (continued)

EVENTS AFTER THE REPORTING PERIOD

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

PUBLICATIONS OF INTERIM RESULTS AND INTERIM REPORT

This interim report is published on the HKEXnews website at www.hkexnews.hk and on the website of the Company at 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

* For identification purpose only