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# TRULY®

## 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 2023 ANNUAL RESULTS

### FINANCIAL HIGHLIGHTS

	For the year ended		Change
	31 December		
	2023	2022	
	HK\$'000	HK\$'000	
Revenue	15,588,143	19,287,434	-19.2%
Gross profit	1,322,293	1,484,972	-11.0%
Profit for the year attributable to owners of the Company	262,799	318,233	-17.4%
EBITDA	2,057,669	2,354,462	-12.6%
EPS (HK cents)			
— Basic	8.31	9.77	-14.9%
DPS (HK cents)			
— Interim	5	5	-%
— Final	5	5	-%
— Full Year	10	10	-%

The final dividend of 5 HK cents per share (2022: 5 HK cents) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

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

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	<b>15,588,143</b>	19,287,434
Cost of sales		<b>(14,265,850)</b>	(17,802,462)
Gross profit		<b>1,322,293</b>	1,484,972
Other income	5	<b>109,537</b>	234,084
Other gains and losses	6	<b>(18,240)</b>	78
Impairment loss on goodwill		<b>(53,424)</b>	–
Reversal of expected credit loss model, net		<b>2,170</b>	35,740
Distribution and selling expenses		<b>(321,291)</b>	(458,221)
Finance costs	7	<b>(389,443)</b>	(354,558)
Administrative expenses		<b>(449,019)</b>	(583,786)
Share of result of an associate		<b>46,802</b>	18,256
Profit before tax		<b>249,385</b>	376,565
Income tax expense	8	<b>(88,949)</b>	(57,364)
Profit for the year	9	<b>160,436</b>	319,201
<b>Other comprehensive expenses for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>(360,444)</b>	(1,126,293)
Total comprehensive expenses for the year		<b>(200,008)</b>	(807,092)

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>Profit (loss) for the year attributable to:</b>			
Owners of the Company		<b>262,799</b>	318,233
Non-controlling interests		<b>(102,363)</b>	968
		<u><b>160,436</b></u>	<u>319,201</u>
<b>Total comprehensive expense for the year attributable to:</b>			
Owners of the Company		<b>(89,561)</b>	(781,184)
Non-controlling interests		<b>(110,447)</b>	(25,908)
		<u><b>(200,008)</b></u>	<u>(807,092)</u>
<b>Earnings per share</b>			
Basic (HK cents per share)	<i>11</i>	<u><b>8.31</b></u>	<u>9.77</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>12,928,174</b>	14,023,037
Right-of-use assets		<b>599,568</b>	915,060
Goodwill		<b>534,413</b>	587,837
Interest in an associate		<b>1,542,138</b>	1,537,854
Financial assets at fair value through profit or loss		<b>4,220</b>	3,689
Deferred tax assets		<b>47,193</b>	62,176
Deposits paid for acquisition of property, plant and equipment		<b>52,809</b>	17,218
Rental deposits	<i>12</i>	<b>256</b>	79,922
		<b>15,708,771</b>	17,226,793
<b>CURRENT ASSETS</b>			
Inventories		<b>3,206,930</b>	3,164,254
Derivative financial instruments		–	1,894
Trade and other receivables	<i>12</i>	<b>3,576,849</b>	3,357,797
Trade and bills receivables at fair value through other comprehensive income	<i>13</i>	<b>619,109</b>	990,645
Amounts due from an associate		<b>8,828</b>	15,154
Tax recoverable		–	30,933
Restricted bank deposits		<b>582,856</b>	844,894
Cash and cash equivalents		<b>802,291</b>	858,759
		<b>8,796,863</b>	9,264,330

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>14</i>	<b>7,025,977</b>	7,529,208
Contract liabilities		<b>270,584</b>	375,110
Tax payable		<b>106,191</b>	101,184
Bank and other borrowings		<b>5,104,469</b>	5,387,879
Amounts due to an associate		<b>418,493</b>	528,618
Lease liabilities		<b>4,200</b>	94,507
Derivative financial instruments		<b>–</b>	1,030
		<b>12,929,914</b>	14,017,536
<b>NET CURRENT LIABILITIES</b>			
		<b>(4,133,051)</b>	(4,753,206)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>11,575,720</b>	12,473,587
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings		<b>1,570,967</b>	1,877,648
Other payables		<b>26,697</b>	50,061
Lease liabilities		<b>1,169</b>	52,772
Deferred tax liabilities		<b>156,124</b>	156,203
		<b>1,754,957</b>	2,136,684
<b>NET ASSETS</b>			
		<b>9,820,763</b>	10,336,903
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>63,222</b>	63,222
Share premium and other reserves		<b>9,534,864</b>	9,922,463
Equity attributable to owners of the Company		<b>9,598,086</b>	9,985,685
Non-controlling interests		<b>222,677</b>	351,218
<b>TOTAL EQUITY</b>			
		<b>9,820,763</b>	10,336,903

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2023*

## 1. GENERAL

The Company is 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 (“US\$”). The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is different from the functional currency of the Company, as the directors of the Company consider that HK\$ 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 compact camera module, fingerprint identification modules, personal health care products and electrical devices.

## 2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Company and its subsidiaries (collectively referred to as “**the Group**”) have applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
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
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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, recognised 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 utilised) and a deferred tax liability for all 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\$6,085,000 and deferred tax liabilities of HK\$6,085,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

### **Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies**

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies to the consolidated financial statements.

### 3. REVENUE

Disaggregation of revenue from contract with customers by types of products is analysed as follows:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Sales of LCD products	<b>13,382,037</b>	15,693,468
Sales of electronic consumer products	<b><u>2,206,106</u></b>	<u>3,593,966</u>
	<b><u><u>15,588,143</u></u></b>	<u><u>19,287,434</u></u>

### 4. SEGMENT INFORMATION

Information reported to the Company's executive directors, 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 compact camera module, fingerprint identification modules, 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 2023*

	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	13,382,037	2,206,106	15,588,143	–	15,588,143
Inter-segment sales	–	597,570	597,570	(597,570)	–
	<u>13,382,037</u>	<u>2,803,676</u>	<u>16,185,713</u>	<u>(597,570)</u>	<u>15,588,143</u>
RESULT					
Segment result	742,205	(53,980)	688,225	(17,578)	670,647
Finance costs					(389,443)
Impairment loss on goodwill					(53,424)
Share of results of an associate					46,802
Unallocated expenses					(24,975)
Unallocated other gains and losses					(222)
Profit before tax					<u>249,385</u>

*For the year ended 31 December 2022*

	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	15,693,468	3,593,966	19,287,434	–	19,287,434
Inter-segment sales	–	437,453	437,453	(437,453)	–
	<u>15,693,468</u>	<u>4,031,419</u>	<u>19,724,887</u>	<u>(437,453)</u>	<u>19,287,434</u>
RESULT					
Segment result	831,891	(78,788)	753,103	(12,828)	740,275
Finance costs					(354,558)
Impairment loss on goodwill					–
Share of results of an associate					18,256
Unallocated expenses					(28,985)
Unallocated other gains and losses					1,577
Profit before tax					<u>376,565</u>

Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' salaries, finance costs, share of result of an associate and gain (loss) on fair value changes of derivative financial instruments. 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 2023*

	<b>LCD products HK\$'000</b>	<b>Electronic consumer products HK\$'000</b>	<b>Consolidated HK\$'000</b>
Amounts included in the measure of segment results:			
(Reversal of) allowance for inventories, net (included in cost of sales)	(42,111)	8,693	(33,418)
Depreciation (including amounts capitalised in inventories)	1,120,433	236,961	1,357,394
Depreciation of right-of-use assets	58,325	3,122	61,447
Loss on disposal/write-off of property, plant and equipment	72,930	1,622	74,552
(Reversal of) impairment losses under expected credit loss model, net	<u>(2,277)</u>	<u>107</u>	<u>(2,170)</u>

*For the year ended 31 December 2022*

	<b>LCD products HK\$'000</b>	<b>Electronic consumer products HK\$'000</b>	<b>Consolidated HK\$'000</b>
Amounts included in the measure of segment results:			
Allowance for inventories, net (included in cost of sales)	12,042	20,406	32,448
Depreciation (including amounts capitalised in inventories)	1,291,812	259,501	1,551,313
Depreciation of right-of-use assets	68,439	3,587	72,026
Loss on disposal/write-off of property, plant and equipment	27,335	–	27,335
Reversal of impairment losses under expected credit loss model, net	<u>(34,723)</u>	<u>(1,017)</u>	<u>(35,740)</u>

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	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
The PRC	10,133,308	13,528,016	15,627,827	17,056,286
South Korea	1,147,860	1,421,249	–	–
Hong Kong (place of domicile)	1,387,901	1,272,129	28,604	24,049
Japan	318,483	421,023	–	–
Europe	948,475	1,024,276	5	6
Vietnam	98,564	105,538	–	–
North America	177,047	272,579	666	665
South America	245,475	278,880	–	–
Taiwan	75,015	217,099	–	–
Others	1,056,015	746,645	–	–
	<u>15,588,143</u>	<u>19,287,434</u>	<u>15,657,102</u>	<u>17,081,006</u>

Notes:

- (i) Regarding revenue arising from sales to external customers in Europe and others, no individual countries are material and hence separate disclosure is not required.
- (ii) Non-current assets exclude financial assets at fair value through profit or loss, deferred tax assets and rental deposits.

## Information about major customers

No individual customer contributed over 10% of the total revenue of the Group in both years of 2022 and 2023.

## 5. OTHER INCOME

	2023 HK\$'000	2022 HK\$'000
Other income includes:		
Government grants	52,044	169,064
Compensation income	3,175	1,380
Interest income	21,556	20,637
Rental income with fixed monthly rental	19,478	17,820
Other services fees	10,979	12,091
Sundry income	2,305	13,092
	<u>109,537</u>	<u>234,084</u>

## 6. OTHER GAINS AND LOSSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss on disposal/write-off of property, plant and equipment	(74,552)	(27,335)
Gain (loss) from changes in fair value of financial assets at fair value through profit or loss	531	(844)
(Loss) gain on fair value change of derivative financial instruments, net	(222)	1,577
Net foreign exchange gain	56,003	26,680
	<u>(18,240)</u>	<u>78</u>

## 7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank and other borrowings	362,866	309,345
Interest on bonds payable	–	13,263
Interest on lease liabilities	7,007	15,938
Interest on deferred consideration in relation to acquisition of additional equity interest in Truly RS	19,570	–
Interest on deferred consideration in relation to acquisition of Truly HZ	–	16,012
	<u>389,443</u>	<u>354,558</u>

## 8. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	72,252	54,124
Other jurisdictions	<u>1,252</u>	<u>1,056</u>
	73,504	55,180
Withholding tax	<u>612</u>	<u>551</u>
	<u>74,116</u>	<u>55,731</u>
(Over) under-provision in prior years:		
The People's Republic of China ("PRC")	<u>(71)</u>	<u>520</u>
Deferred tax	<u>14,904</u>	<u>1,113</u>
Income tax expense for the year	<u><u>88,949</u></u>	<u><u>57,364</u></u>

*Note:* The withholding tax for the years ended 31 December 2023 and 2022 were provided on the interest income of intercompany loans received from the PRC subsidiaries.

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 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, PRC subsidiaries qualified as Hi-Tech Enterprise or eligible to enjoy the Western Region Preferential Income Tax policies are entitled to 15% PRC enterprise income tax. The tax rate of the other PRC subsidiaries is 25%.

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 the PRC withholding tax at the applicable tax rates of 5%.

## 9. PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Auditor's remuneration		
Audit services	4,800	4,800
Non-audit services	205	374
	<u>5,005</u>	<u>5,174</u>
Cost of inventories recognised as expenses	13,641,530	16,974,025
(Reversal of) allowance for inventories, net (included in cost of sales)	(33,418)	32,448
Research expenses (included in cost of sales)	657,738	795,989
Depreciation of property, plant and equipment (including amounts capitalised in inventories)	1,357,394	1,551,313
Depreciation of right-of-use assets	61,447	72,026
Staff costs, inclusive of directors' remuneration:		
Salaries and other benefits	1,440,809	1,713,326
Contributions to retirement benefit scheme	117,839	170,433
	<u>1,558,648</u>	<u>1,883,759</u>

## 10. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 Interim — HK 5 cents (2022: 2022 interim dividend HK 5 cents) per share	<u>158,055</u>	<u>163,612</u>
2022 Final — HK 5 cents per share (2022: 2021 Final — HK 5 cents)	<u>158,055</u>	<u>164,461</u>

## 11. EARNINGS PER SHARE

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

### Earnings

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings for the purposes of basic earnings per share		
Profit for the year attributable to owners of the Company	<u>262,799</u>	<u>318,233</u>

**Number of shares**

	<b>2023</b>	2022
	<b>'000</b>	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b><u>3,161,105</u></b>	<u>3,257,189</u>

No diluted earnings per share is presented as there were no potential ordinary shares in issue for both years.

**12. TRADE AND OTHER RECEIVABLES**

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>3,349,290</b>	3,187,325
Less: Allowance for credit losses	<b><u>(46,637)</u></b>	<u>(49,324)</u>
	<b><u>3,302,653</u></b>	<u>3,138,001</u>
Other receivables, deposits and prepayments	<b><u>274,452</u></b>	<u>299,718</u>
Total trade and other receivables	<b>3,577,105</b>	3,437,719
Less: Rental deposits shown under non-current assets	<b><u>(256)</u></b>	<u>(79,922)</u>
Amounts shown under current assets	<b><u>3,576,849</u></b>	<u>3,357,797</u>

The following is an aging 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:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Within 60 days	<b>2,245,634</b>	2,075,223
61 to 90 days	<b>595,166</b>	500,384
More than 90 days	<b><u>461,853</u></b>	<u>562,394</u>
	<b><u>3,302,653</u></b>	<u>3,138,001</u>

**13. TRADE AND BILLS RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME “FVTOCI”**

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>19,305</b>	255,865
Bills receivables	<b>599,804</b>	734,780
	<b>619,109</b>	990,645

The following is an aging analysis of trade and bills receivables at FVTOCI presented based on the invoice date at the end of the reporting year:

	<b>2023</b>			2022		
	Trade receivables HK\$'000	Bills receivables HK\$'000	Total HK\$'000	Trade receivables HK\$'000	Bills receivables HK\$'000	Total HK\$'000
Within 60 days	18,381	344,912	363,293	249,359	279,277	528,636
61–90 days	924	80,217	81,141	4,600	150,357	154,957
More than 90 days	–	174,675	174,675	1,906	305,146	307,052
	<b>19,305</b>	<b>599,804</b>	<b>619,109</b>	<b>255,865</b>	<b>734,780</b>	<b>990,645</b>

**14. TRADE AND OTHER PAYABLES**

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

	<b>2023</b>			2022		
	Trade payables HK\$'000	Bills payables HK\$'000	Total HK\$'000	Trade payables HK\$'000	Bills payables HK\$'000	Total HK\$'000
Within 60 days	2,458,940	1,000,437	3,459,377	2,656,845	641,879	3,298,724
61 to 90 days	463,837	315,106	778,943	732,309	230,004	962,313
More than 90 days	975,872	767,263	1,743,135	72,420	1,526,706	1,599,126
	<b>3,898,649</b>	<b>2,082,806</b>	<b>5,981,455</b>	<b>3,461,574</b>	<b>2,398,589</b>	<b>5,860,163</b>

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.



## THE CHAIRMAN’S STATEMENT

Truly International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) have been influenced as major consumer markets around the globe remained challenged by general economic downturn and conservative demand, posing significant impacts on product prices of the smartphone and non-smartphone display panel industry in 2023. The Group’s revenue of approximately HK\$15.59 billion in 2023 was approximately 19.2% lower than that in 2022, mainly due to the decrease in revenue from the smartphone business. The Group’s gross profit margin of approximately 8.5% was approximately 0.8% higher than that in 2022. Profit for the year attributable to owners of the Company decreased by approximately 17.4% to HK\$263 million in 2023 when compared to 2022.

Truly (Renshou) High-end Display Technology Limited\* (信利(仁壽)高端顯示科技有限公司) (“Truly RS”), an associate of the Group located in Sichuan in which it holds 17.14% equity interest, is a fifth generation TFT-LCD production plant, which has entered into mass production in 2021. It operated smoothly during the year, with the capacity utilization rate further increased to over 90%, which continued to enhance the Group’s competitiveness in the TFT-LCD panel market.

Looking ahead to 2024, the global economic environment remains uncertain and the competitive environment is full of challenges. We will continue to focus on display module products, including the display business such as smartphones, smart wearables, automotive and professional displays (industrial, medical, smart home and Internet of Things), and the non-display business such as printed circuit board and consumer electronic products, and maintain in-depth interaction and communication with our customers and partner brands as well as investing in human resources and technology research and development for various businesses to enhance our product design and manufacturing capabilities, with a view to meeting our customers’ needs. The management will continue to tighten our control over costs and expenses in order to enhance the competitiveness of the Group’s products. With a significant increase in sales in the first two months of 2024 as compared to that of 2023, the management is confident that the Group will achieve steady growth in results in 2024.

The management would like to express its appreciation to the Group’s bankers and staff for their continuing support and outstanding contribution. Additionally, the management wishes to extend its gratitude for customers, suppliers and other business partners.

**Lam Wai Wah**

*Chairman*

Hong Kong, 26 March 2024

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### Business Review

Revenue of 2023 recorded a decrease by 19.2% amounting to approximately HK\$15.59 billion (2022: HK\$19.29 billion), which was mainly attributable to the significant decrease in smartphone related sales in the PRC for the year ended 31 December 2023 (the “Year”) when compared to 2022.

Profit for the year attributable to the owners of the Company decreased to approximately HK\$263 million (2022: approximately HK\$318 million) by approximately 17.4%. Basic earnings per share for the year decreased to 8.31 HK cents from 9.77 HK cents in 2022. It was mainly due to (i) the decrease of revenue for the year by approximately HK\$3,699 million; (ii) the decrease of other income for the year by approximately HK\$125 million; and (iii) the increase of share of loss by non-controlling interests to approximately HK\$103 million.

The gross profit margin for the year increased to approximately 8.5% (2022: 7.7%) and net profit margin for the year attributable to owners of the Company increased to 1.7% (2022: 1.6%). Increase in gross profit margin was mainly due to the decrease of revenue from smartphone related products, which have lower gross profit margin.

The Group’s LCD business including touch products was about 86% of the Group revenue in 2023 (2022: 81%). Other businesses of the Group including the sales of compact camera modules, fingerprint identification products and printed circuit board were 14% of the Group’s revenue in 2023 (2022: 19%).

The Group continued to put resources in the Group’s research and development by spending around HK\$658 million in 2023 (2022: HK\$796 million).

### Recognitions

During the year, the Group received numerous recognitions from customers and industrial associates, major recognitions were shown as follows: Truly Opto-Electronics Limited\* (信利光電股份有限公司), a PRC subsidiary, was named to the list of “Top Guangdong 500 Manufacturing Companies” by Guangdong Manufacturers Association, ranking 52th in 2023. Truly Semiconductors Limited\* (信利半導體有限公司), a PRC subsidiary, was named to the list of “Top Guangdong 500 Manufacturing Companies” by

Guangdong Manufacturers Association, ranking 106th in 2023. Truly (Huizhou) Smart Display Limited\* (信利(惠州)智能顯示有限公司) was named to the list of “Top Guangdong 500 Manufacturing Companies” by Guangdong Manufacturers Association, ranking 245th in 2023.

## **Outlook**

Looking ahead to 2024, the global economic environment remains uncertain and the competitive environment is full of challenges. The management will uphold a cautiously optimistic attitude, and keep abreast of the development of technological demand and changes in the supply chain of the display and non-display business market, as well as pursue the continuous upgrading of R&D technology and production processes. We will maintain close communication with customers of various products, provide them with high-quality products and solutions to achieve steady expansion and business growth. Meanwhile, we will also continue to tighten our control over costs and expenses. With a significant increase in sales in the first two months of 2024 as compared to that of 2023, the management is confident that the Group will achieve steady growth in results in 2024.

## **Proposed Spin-off Update**

The Company is considering a possible spin-off and separate listing (the “Proposed Spinoff”) of Truly Industrial Limited\* (信利工業(汕尾)股份有限公司, previously known as 信利工業(汕尾)有限公司), an indirect wholly-owned subsidiary of the Company, on a stock exchange in the PRC.

On 18 January 2023, Truly Industrial Limited submitted an application to the Guangdong Regulatory Bureau of the China Securities Regulatory Commission for the filing of an application for pre-listing tutoring. For details, please refer to the Company’s related announcement dated 18 January 2023.

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

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for the Year was approximately HK\$15,588 million, representing a decrease of approximately 19.2% or approximately HK\$3,699 million year-on-year. The decline in revenue in the Year was mainly attributable to the decrease of smartphone related products' revenues caused by reduction of sales orders by our major PRC smartphone customers.

### **Other Income**

The Group's other income for the Year was approximately HK\$110 million, representing a decrease of approximately 53.2% or approximately HK\$125 million when compared with 2022. The decrease in other income was mainly because the government subsidies of approximately HK\$52 million received in the Year but approximately HK\$169 million in 2022.

### **Other Gains and Losses**

The Group's other gains and losses for the Year was approximately HK\$18 million net other losses (2022: approximately HK\$78,000 net other gains). The increase in net other losses in the Year was mainly due to increasing of net loss on disposal of obsolete machineries to approximately HK\$75 million during the Year from approximately HK\$27 million in 2022.

### **Reversal of Expected Credit Loss Model, Net**

The Group's reversal of impairment losses under expected credit loss model, net was approximately HK\$2 million (2022: approximately HK\$36 million). The decrease in impairment losses was mainly due to the recovery of certain credit-impaired financial assets.

### **Distribution and Selling Expenses**

The Group's distribution and selling expenses for the Year has been decreased by approximately 29.9% or approximately HK\$137 million to approximately HK\$321 million when compared to 2022. The decrease in distribution and selling expenses in the Year was mainly due to the decrease of freight rates during the Year.

### **Administrative Expenses**

The Group's administrative expenses for the Year decreased by approximately 23.1% or approximately HK\$135 million to approximately HK\$449 million when compared to 2022. The decrease in administrative expenses was mainly due to the decrease of redundancy payments, other taxes and salaries and allowances.

## **Finance costs**

The Group's finance costs for the Year increased by approximately 9.8% or approximately HK\$35 million to approximately HK\$389 million when compared to 2022. The increase in finance costs was mainly attributable to the increase in interest rate of HIBOR in 2023.

## **Share of result of an associate**

Share of result of an associate by the Group increased by approximately HK\$29 million when compared to 2022. The improvement in share of result of an associate was mainly because the financial results for the Year of the associate, Truly (Renshou) High-end Display Technology Limited\* (信利(仁壽)高端顯示科技有限公司), improved when compared to 2022.

## **Income Tax Expenses**

Pursuant to the relevant law and regulations in the PRC, three of the Company's PRC subsidiaries were approved as Hi-Tech Enterprise and entitled to 15% PRC enterprise income tax for three years starting from 2021 or 2023. One of the Company's PRC subsidiaries was eligible to enjoy the Western Region Preferential Income Tax Policies and entitled to 15% PRC enterprise income tax till 31 December 2030. Accordingly, PRC Enterprise Income Tax is provided at 15% for the year ended 31 December 2023 for these four major PRC subsidiaries.

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

Profit for the Year attributable to owners of the Company decreased to approximately HK\$263 million by approximately 17.4% or approximately HK\$55 million when compared to 2022. It was mainly because (i) the decrease of revenue for the Year by approximately HK\$3,699 million; (ii) the decrease of other income for the Year by approximately HK\$125 million; and (iii) the increase of share of loss by non-controlling interests to approximately HK\$103 million.

## **Significant Investments, Acquisitions and Disposals, Assets and Liabilities**

*Investment and acquisition of further equity interest 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 TFTLCD 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 Year 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\$601,620,000) carrying interest at 3.3% per annum have been settled during the year ended 31 December 2023. 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 decreased by approximately HK\$1,985 million and liabilities decreased by approximately HK\$1,469 million during the Year.

As at 31 December 2023, the outstanding lease liabilities, bank and other borrowings, net of restricted bank deposits, cash and bank balances, were approximately HK\$5,296 million (2022: approximately HK\$5,709 million). It decreased by approximately 7.24% or HK\$413 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 31 December 2023, the Group had net current liabilities of approximately HK\$4,133 million (as at 31 December 2022, net current liabilities of approximately HK\$4,753 million) and its current ratio increased to 0.68 times as at 31 December 2023 from 0.66 times as at 31 December 2022. The major reason for the decrease in net current liabilities position as at 31 December 2023 was because the Group has reduced current liabilities during the Year. The management would continue to improve the Group's net current liabilities position.

As at 31 December 2023, the Group had restricted bank deposits, cash and cash equivalents approximately HK\$1,385 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 55%, which has decreased from 57% at 31 December 2022.

### **Pledge of Assets**

As at 31 December 2023, the Group had no assets pledged.

### **Employee and Remuneration**

Around 14,800 workers and staff are currently employed in factories of the Company in the PRC and around 50 personnel in the Group's Hong Kong office. Total staff costs for 2023 were approximately HK\$1,559 million. The employees are remunerated with basic salary, bonus and other benefits in kind with reference to industry practice and their individual performance.

### **Capital Commitments**

Capital expenditure commitment of around HK\$346 million in respect of acquisition of property, plant and equipment was contracted for but not provided as at 31 December 2023.

### **Contingent Liabilities**

We had no material contingent liabilities as at 31 December 2023.

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 2023.

### **Scope of work of Messrs. Deloitte Touche Tohmatsu**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 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 audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 26 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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 (2022: 5 HK cents) per share for the year ended 31 December 2023, to shareholders whose names appear on the Register of Members on 20 May 2024, Monday. It is expected that the final dividend payments will be made to shareholders on 31 May 2024, Friday, subject to the Company's shareholders' approval at the Annual General Meeting of the Company on 13 May 2024.

The interim dividends in aggregate of 5 HK cents per share (2022: 5 HK cents) were paid in 2023 to shareholders on the register of member of the Company at the close of business on 14 November 2023 based on 3,161,105,398 ordinary shares in issue.

The total dividend payout ratio for the year was about 120%.

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

For determining the entitlement to attend and vote at the 2024 Annual General Meeting ("AGM"), the Register of Members will be closed from 8 May 2024, Wednesday to 13 May 2024, Monday, during the 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 7 May 2024, Tuesday.



For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on 20 May 2024, Monday 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 Friday, 17 May 2024.

### **Annual General Meeting**

The 2024 Annual General Meeting of the Company will be held on 13 May 2024, Monday at 11:00 a.m.. A notice convening the meeting will be issued in due course.

### **Purchase, Sale or Redemption of Security**

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 2023.

### **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 Listing Rules on the Stock Exchange.

### **Audit Committee**

The Company has an Audit Committee which was established in accordance with the code provisions of the Corporate Governance 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. Heung Kai Sing and Cheung Wai Yin Wilson 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 Committee and Nomination Committee**

The Company has a Remuneration Committee and a Nomination Committee respectively which were established in accordance with the relevant requirements of the Corporate Governance Code. The two Committees are chaired by Mr. Chung Kam Kwong, an independent non-executive director and comprise three other members, namely Mr. Heung Kai Sing and Mr. Cheung Wai Yin Wilson, 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 2023. Except for the deviation from the Code Provisions C.2.1 and F.2.2. The reason for deviation from C.2.1 and F.2.2 have been set out in the interim report for 2023 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 2023 Annual Report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.truly.com.hk](http://www.truly.com.hk) in due course.

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

Hong Kong, 26 March 2024

*As at the date of this announcements, 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 Cheng 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*