

TRULY®

TRULY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0732)

RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2006

Unaudited Results

The unaudited turnover and net profit of the Company and its subsidiaries for the three month period from 1 January 2006 to 31 March 2006 was approximately HK\$1.1 billion and HK\$184 million which was about 9% and 6% more than the corresponding period in 2005 (approximately HK\$1.0 billion and HK\$174 million) respectively. The unaudited gross profit margin (24.1%) for the period was comparable with the corresponding period in 2005 (24.5%) while unaudited net profit margin was decreased from 17.3% for the corresponding period in 2005 to 16.8% during the current period.

The unaudited total net assets of the Group as at 31 March 2006 was increased to HK\$2.12 billion (HK\$1.94 billion as at 31 December 2005) which was mainly attributable to the unaudited profit for the period. The unaudited current ratio as at 31 March 2006 was maintained at 2.2 times (1.8 times as at 31 December 2005). At 31 March 2006, the unaudited surplus cash and bank balances, net of outstanding bank borrowings was approximately HK\$423 million (HK\$417 million as at 31 December 2005).

Financial Highlights

For the three months from 1 January 2006 to 31 March 2006

	2006 Unaudited HK\$'000	2005 Unaudited HK\$'000	Change %
Turnover	1,094,151	1,008,241	+9
Gross profit	263,894	247,294	+7
Net profit for the period	183,593	173,969	+6
Basic EPS	40.1 HK cents	38.5 HK cents	+4

The Board of Directors (the "Board") of Truly International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") is pleased to announce the Group's first quarter unaudited consolidated results for the period from 1 January 2006 to 31 March 2006 (with comparative figures for the corresponding period in the previous year) and the unaudited condensed consolidated balance sheet at 31 March 2006 (with comparative audited figures as at 31 December 2005) as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2006

	Unaudited For the period from 1.1.2006 to 31.3.2006 HK\$'000	Unaudited For the period from 1.1.2005 to 31.3.2005 HK\$'000 (Restated)
Turnover (Note 2)	1,094,151	1,008,241
Cost of sales	(830,257)	(760,947)
Gross profit (Note 3)	263,894	247,294
Other operating income	10,758	1,602
Distribution costs	(17,280)	(12,368)
Administrative expenses	(35,686)	(30,021)
Profit from operations	221,686	206,507
Finance costs	(7,225)	(1,533)
Profit before taxation	214,461	204,974
Income tax expense	(30,868)	(31,005)
Net profit for the period (Note 4)	183,593	173,969
Basic earnings per share (Note 5)	40.1 HK cents	38.5 HK cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 March 2006

	Unaudited 31.3.2006 HK\$'000	Audited 31.12.2005 HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,124,785	1,091,452
Other non-current assets	167,263	180,175
CURRENT ASSETS		
Inventories (Note 6)	528,643	549,994
Trade and other receivables (Note 7)	645,668	758,123
Bank balances and cash (Note 8)	974,443	848,436
	<u>2,148,754</u>	<u>2,156,553</u>
CURRENT LIABILITIES		
Trade and other payables	634,602	921,761
Tax liabilities	95,062	98,728
Bank borrowings (Note 8)	244,864	181,937
	<u>974,528</u>	<u>1,202,426</u>
NET CURRENT ASSETS (Note 9)	<u>1,174,226</u>	<u>954,127</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,466,274</u>	<u>2,225,754</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	37,871	38,150
Bank borrowings (Note 8)	306,736	249,559
	<u>344,607</u>	<u>287,709</u>
	<u>2,121,667</u>	<u>1,938,045</u>
CAPITAL AND RESERVES		
Share capital (Note 10)	45,845	45,816
Reserves	2,075,822	1,892,229
	<u>2,121,667</u>	<u>1,938,045</u>

Notes:

1. The accounting policies and basis used in the preparations of the income statement and balance sheet, which were reviewed by the Audit Committee are the same as those used in the annual financial statements for the year ended 31 December 2005.
2. Unaudited consolidated turnover for the three months ended 31 March 2006 was approximately HK\$1.1 billion which was about 9% more than the same period last year (2005: approximately HK\$1.0 billion).
3. Gross profit margin for the period was around 24.1% (approximately 24.5% for the same period in 2005).
4. Net profit margin for the period was around 16.8% (approximately 17.3% for the same period in 2005).
5. The calculation of the basic earnings per share is based on the net profit for the period of HK\$183,593,000 (2005: HK\$173,969,000) and on the weighted average number of 458,392,000 ordinary shares in issue during the period (2005: 451,689,527 shares).
6. The inventory turnover was around 58 days (58 days for the year ended 31 December 2005).
7. The trade debtor turnover was around 46 days (52 days for the year ended 31 December 2005).
8. As at 31 March 2006, the surplus cash and bank balances, net of outstanding bank borrowings were about HK\$423 million (HK\$417 million as at 31 December 2005).
9. The current ratio as at 31 March 2006 was maintained at 2.2 times (1.8 times as at 31 December 2005).
10. The increase in share capital was due to a total of 290,000 ordinary shares issued as a result of the same number of staff options being exercised during the period.

As the unaudited balance sheet at 31 March 2006 and the unaudited results for the three months then ended may not reflect the balance sheets at 30 June 2006 and 31 December 2006 and the interim and final results for the six months and the full year then ended respectively, investors and shareholders are advised to exercise extreme caution when dealing in the shares of the Company.

As at the date of this announcement, the Board comprises four executive directors, Mr. Lam Wai Wah, Steven, Mr. Wong Pong Chun, James, Mr. Cheung Tat Sang, James and Mr. Li Jian Hua; and three independent non-executive directors, Mr. Chung Kam Kwong, Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing.

By Order of the Board
Lam Wai Wah, Steven
Chairman

Hong Kong, 18 May 2006

“Please also refer to the published version of this announcement in South China Morning Post.”