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TRULY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00732)

Announcement of Interim Results 2009

FINANCIAL HIGHLIGHTS	For the six months ended 30 June		
	2009	2008	Change
	<i>Unaudited</i> <i>HK\$'000</i>	<i>Unaudited</i> <i>HK\$'000</i>	%
Revenue	2,493,363	2,774,295	-10
Gross profit	366,912	434,113	-16
Profit for the period	180,169	246,285	-27
Basic EPS	38.1 HK cents	52.1 HK cents	-27

THE CHAIRMAN'S STATEMENT

I report to our shareholders that during the first half year of 2009 the Group has completed its transformation stage to become a genuine panel maker with full range of production facilities and technology not only to further secure our China handset market share but also to explore the pre-occupied international display market in various important applications. The enhanced supply of more sophisticated compact camera modules to key customers with multinational brands in this area is recognized as a major breakthrough by our high quality engineering team and ambitious marketing force. In addition, the relatively high performance/price ratio of these camera components are also added value to the Group's sales of LCD display products which help reduce the overall customers' purchase cost, being a big incentive for them to buy the full display kit from Truly.

Like I said previously, "The key is Touch Panel" is still valid and now regarded as a very power weapon for display manufacturer like us to win the battle when making sound and long-term sales projections to potential customers especially those leading market players. Truly is now possessing these vital tools and is capable of bridging the supply chain gap where bottle neck problems are always found. With ongoing target oriented capital investments in capacitive touch window facilities and high resolution camera modules development, the Group will be well positioned in the display market and sustainable growth is assured.

Imagining in a football match, if the aforesaid two business growth drivers were strikers, then our newly operating TFT panel production facilities with an optimal productivity of 50,000 pieces of 370mm x 470mm substrate per month would be mid-fielders. Equipping with a self-sufficient TFT panel production plant is equivalent to having the central brain to plan its business strategy in a proactive manner in high season or in defensive mode when facing a low one. Together with its flexibility, the allocation of TFT resources (either produced in-house or outsourced) to meet different customers' need could be accomplished with the highest profitability. The outcome is always a sure win.

Among the more than 30 years of Truly's success, we have been actively involved in the LCD product development and technological advancement for almost 20 years including some basic display types such as monochrome TN and STN and colour STN LCD's. Even as of now when TFT products are used to be our core business, the Group is still making its best efforts to enhance the applications of these primitive but more economic devices to traditional and new electronic products for the consumer, medical, industrial and other viable uses. With decent mark-ups, these product lines are vital elements to form the defence system in the team especially during challenging times.

We believe the Group had emerged from the most difficult period during the fourth quarter of 2008 and the first quarter of 2009 after the recent financial tsunami. Prudence in financial strategy is always the Group's philosophy and a reliable goal-keeper to help cut the loss and maintain a fruitful supply of resources. In medium term, we are maintaining our debt reduction plan which succeeded during the past nine months and will continue to do so before we are back to a sound financial position and until the next business opportunity comes.

Last but not least, I would like to thank our shareholders, business partners, staff and workers for their continuous support to the growth of the Group.

Lam Wai Wah, Steven
Chairman

Hong Kong, 27 August 2009

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE		2,493,363	2,774,295
Cost of sales		<u>(2,126,451)</u>	<u>(2,340,182)</u>
Gross profit		366,912	434,113
Other income		9,158	19,001
Distribution and selling costs		(44,074)	(52,135)
Administrative expenses		<u>(90,949)</u>	<u>(90,202)</u>
PROFIT FROM OPERATIONS	2	241,047	310,777
Finance costs	3	<u>(19,878)</u>	<u>(32,292)</u>
PROFIT BEFORE TAXATION		221,169	278,485
INCOME TAX EXPENSE	4		
— Hong Kong		(5,000)	(10,000)
— Overseas		<u>(36,000)</u>	<u>(22,200)</u>
		<u>(41,000)</u>	<u>(32,200)</u>
PROFIT FOR THE PERIOD		<u>180,169</u>	<u>246,285</u>
OTHER COMPREHENSIVE INCOME			
Exchange differences arising on translation of foreign operations		<u>50,045</u>	<u>115,504</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>230,214</u>	<u>361,789</u>

		Six months ended 30 June	
		2009	2008
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period attributable to:			
Equity holders of the Company		180,163	246,285
Minority interests		<u>6</u>	<u>—</u>
		<u>180,169</u>	<u>246,285</u>
Total comprehensive income attributable to:			
Equity holders of the Company		230,208	361,789
Minority interests		<u>6</u>	<u>—</u>
		<u>230,214</u>	<u>361,789</u>
INTERIM DIVIDENDS		<u>56,746</u>	<u>118,189</u>
EARNINGS PER SHARE			
Basic	5	<u>38.1 HK cents</u>	<u>52.1 HK cents</u>
Diluted		<u>38.1 HK cents</u>	<u>52.0 HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

		30 June	31 December
		2009	2008
		<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		4,004,496	4,214,029
Prepaid lease payments		130,202	129,630
Intangible assets		14,821	18,307
Available-for-sale investments		5,250	5,250
Goodwill		413	413
Deferred tax assets		754	754
Deposits paid for acquisition of property, plant and equipment		<u>28,162</u>	<u>28,908</u>
		<u>4,184,098</u>	<u>4,397,291</u>
CURRENT ASSETS			
Inventories		868,336	708,344
Trade and other receivables	6	612,020	656,183
Bank balances and cash		555,180	687,915
Tax recoverable		56,880	56,997
Loans receivable		<u>49,679</u>	<u>53,479</u>
		<u>2,142,095</u>	<u>2,162,918</u>
CURRENT LIABILITIES			
Trade and other payables	7	879,882	1,112,454
Tax liabilities		31,156	59,369
Bank and other borrowings, unsecured		<u>1,215,393</u>	<u>1,992,576</u>
		<u>2,126,431</u>	<u>3,164,399</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>15,664</u>	<u>(1,001,481)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,199,762</u>	<u>3,395,810</u>

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
Bank and other borrowings, unsecured	699,036	120,569
Deferred tax liabilities	<u>29,136</u>	<u>29,136</u>
	<u>728,172</u>	<u>149,705</u>
	<u><u>3,471,590</u></u>	<u><u>3,246,105</u></u>
CAPITAL AND RESERVES		
Share capital	47,288	47,288
Share premium and reserves	<u>3,424,234</u>	<u>3,198,755</u>
Equity attributable to equity holders of the Company	3,471,522	3,246,043
Minority interests	<u>68</u>	<u>62</u>
Total equity	<u><u>3,471,590</u></u>	<u><u>3,246,105</u></u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2008 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), except as described below.

A number of new or revised Standards and Interpretations are effective for the financial year beginning on 1 January 2009, the following of which are relevant to the Group.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group’s reportable segments, but has had no impact on the reported results or financial position of the Group.

HKAS 1 (revised 2007) Presentation of Financial Statements

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

The interim results are unaudited, but have been reviewed by the Audit Committee which is of the opinion that such financial statements complied with the applicable accounting standards, and that adequate disclosures have been made.

2. PROFIT FROM OPERATIONS

The Group’s profit from operations is arrived at after charging:

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Depreciation on fixed assets	244,180	200,903
Amortisation on development expenditure and technical know-how	3,505	2,500
Staff costs, inclusive of directors’ remuneration	<u>184,183</u>	<u>180,584</u>

3. FINANCE COSTS

Six months ended 30 June	
2009	2008
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Interest on:

Bank borrowings wholly repayable within five years

<u>19,878</u>	<u>32,292</u>
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4. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the period.

Overseas taxation is calculated at the rates prevailing in the respective jurisdiction.

5. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share are based on the following data:

Six months ended 30 June	
2009	2008
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Earnings for the purposes of basic and diluted earnings per share

<u>180,163</u>	<u>246,285</u>
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<i>Number of shares</i>	<i>Number of shares</i>
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Weighted average number of ordinary shares for the purposes of
basic earnings per share

472,880,000	472,755,000
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Effect of dilutive share options

<u>106,000</u>	<u>750,000</u>
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Weighted average number of ordinary shares for the purposes of
diluted earnings per share

<u>472,986,000</u>	<u>473,505,000</u>
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6. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing an average credit terms ranging from 30 to 90 days to its trade customers.

	30 June 2009 <i>(Unaudited)</i> <i>HK\$'000</i>	31 December 2008 <i>(Audited)</i> <i>HK\$'000</i>
Aged analysis of trade receivables:		
Within 60 days	423,886	546,827
61 to 90 days	101,663	28,337
More than 90 days	<u>47,855</u>	<u>29,009</u>
	573,404	604,173
Deposits, prepayments and others	<u>38,616</u>	<u>52,010</u>
	<u>612,020</u>	<u>656,183</u>

7. TRADE AND OTHER PAYABLES

	30 June 2009 <i>(Unaudited)</i> <i>HK\$'000</i>	31 December 2008 <i>(Audited)</i> <i>HK\$'000</i>
Aged analysis of trade payables:		
Within 60 days	309,380	283,500
61 to 90 days	138,269	130,837
More than 90 days	<u>163,502</u>	<u>376,992</u>
	611,151	791,329
Other payables and accrued charges	<u>268,731</u>	<u>321,125</u>
	<u>879,882</u>	<u>1,112,454</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Group's turnover for the six months ended 30 June 2009 amounted to HK\$2.49 billion (2008: HK\$2.77 billion). Profit for the period was HK\$180 million (2008: HK\$246 million).

Segment Information

For management review, reporting and decision making purposes, the Group is currently organised into two operating divisions — LCD products and electronic consumer products. These divisions are the basis on which the Group reports its primary segment information.

This information is reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance focuses more specifically on the categories of products and locations of the customers. The Group's reportable segments under HKFRS 8 are therefore as follows:

LCD products — manufacture and distribution of LCD products

Electronic consumer products — manufacture and distribution of electronic consumer products

Segment information about these businesses is presented below:

	Six months ended 30 June 2009		Six months ended 30 June 2008	
	Revenue	Contribution	Revenue	Contribution
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By business segments:				
LCD products	2,454,742	221,611	2,732,824	312,732
Electronic consumer products	38,621	18,572	41,471	(5,659)
	<u>2,493,363</u>	<u>240,183</u>	<u>2,774,295</u>	<u>307,073</u>
Interest income from bank deposits		1,295		4,290
Unallocated corporate expenses		<u>(431)</u>		<u>(586)</u>
Profit from operations		<u>241,047</u>		<u>310,777</u>

The Group's manufacturing operation is located in the PRC. The sales and marketing functions are located at all reportable segments as listed below.

The revenue and contribution of the Group, analysed by location of customers, is as follows:

	Six months ended		Six months ended	
	30 June 2009		30 June 2008	
	Revenue	Contribution	Revenue	Contribution
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
By geographical segments:				
The People's Republic of China	1,956,050	180,793	2,278,158	255,999
South Korea	214,531	19,647	166,283	18,282
Japan	43,349	3,913	41,806	4,750
Hong Kong	152,054	16,934	119,311	10,206
Europe	46,734	6,932	99,894	10,928
Elsewhere	80,645	11,964	68,843	6,908
	<u>2,493,363</u>	<u>240,183</u>	<u>2,774,295</u>	<u>307,073</u>
Interest income from bank deposits		1,295		4,290
Unallocated corporate expenses		(431)		(586)
Profit from operations		<u>241,047</u>		<u>310,777</u>

Business Review and Outlook

Although sales for the first quarter of the year was down by more than 20%, revenue for the first half year period recorded an approximately 10% overall drop amounting to around HK\$2.49 billion (2008: HK\$2.77 billion). The unfavourable market condition starting from the fourth quarter of last year showed signs of mild recovery in around March and April 2009 and is expected to improve further thereafter. Unaudited profit for the period was about HK\$180 million which was approximately 27% less than the last corresponding period in 2008 (HK\$246 million). Exceptionally high depreciation charges attributable to the new TFT panel facilities were main reason for the low gross profit margin of around 14.7% (2008: 15.6%) and net profit margin of approximately 7.2% (2008: 8.9%).

The Group's LCD business has been consistently maintained at a level of 98% of the total turnover for the past few years. Due to the recent change in economic climate and the consumer appetite for lower end electronic products, the shift from our original main focus merely on TFT products to CSTN LCD applications is proven to be 100% correct. During the first six months, a significant change in sales mix

was reflected and in particular growth in CSTN LCD business outperformed over the other major categories. TFT is now accounting for 52% of the Group's LCD business while CSTN representing 21% is becoming more and more critical to the success of the Group.

With tightened controls over factory overheads and administrative expenses, we are able to squeeze some valuable resources and reallocate them to the sales and marketing divisions. By building up new and independent sales teams with related hands-on experiences and direct connection with customers, greater emphasis is placed on developing new businesses in automotive and industrial displays. These two display applications are well-known for their high profit margins and huge business opportunity which will become our growth drivers at least for the next decade.

The Group's main revenue is still from the Chinese telecom industry while we have been securing a competitive edge in the area of handset based displays over a number of years. The recent changes in the national economic policies of China well support our key role in promoting the short-listed electronic products to be marketed not only in major cities but also to rural populations. We believe this will create a tremendous opportunity for all industrialists in every aspect. Together with the larger contributions to net profit by various applications in different geographical areas including the US, European Union, India and other emerging markets, both the Group's top and bottom lines will be warranted.

Liquidity and Financial Resources

There were no material changes in the assets and liabilities of the Group as at 30 June 2009 compared to the last financial year end at 31 December 2008, except a change in the current ratio back to a healthy level of approximately 1.0 time.

At the balance sheet date, the outstanding bank borrowings, net of cash and bank balances, were HK\$1,359 million (HK\$1,425 million at 31 December 2008). Among the total gross borrowings of HK\$1,914 million, HK\$1,215 million were repayable within a year with the remaining balances repayable within a period of two to three years.

Capital expenditure of approximately HK\$120 million for the next three years in respect of acquisition of property, plant and equipment was authorized but not contracted for. Their expected sources of funding will be principally from internal reserves.

General

There was no change to the capital structure of the Group during the six months ended 30 June 2009.

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

Except for investments in subsidiaries and the long-term investment in a Japanese corporation, neither the Group nor the Company had held any material investments during the six months ended 30 June 2009.

There were no material acquisitions and disposals of subsidiaries and associated companies in the course of the financial period.

There are approximately 12,000 workers and employees currently employed in the Group's Shan Wei factory and around 90 staff in our Hong Kong office.

The Group had no material contingent liabilities. Exposure to fluctuations in exchange rates has been properly hedged.

OTHER INFORMATION

Interim Dividends

The Directors have resolved to pay a second interim dividend of 10 HK cents per share to shareholders whose names appear on the Register of Members on 16 October 2009. Together with the first interim dividend of 2 HK cents per share paid on 8 July 2009, the total interim dividends paid and payable were 12 HK cents per share (2008: 25 HK cents). It is expected that the second interim dividend payments will be made to shareholders on 22 October 2009.

Closure of Register of Members

The Register of Members will be closed from 12 October 2009 to 16 October 2009, both dates inclusive, during which period no transfer of shares can be registered. In order to qualify for the second interim dividend, all transfers accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 9 October 2009.

Purchase, Sale or Redemption of Security

No purchase, sale or redemption was made by the Company or its subsidiaries of the Company's listed securities during the period.

Model Code

None of the Directors of the Company is aware of information that would reasonably indicate that the Company was not in the period under review in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited.

Audit Committee

The Company has an audit committee which was established in accordance with the code provisions of the Corporate Governance Code (the "Code") for the purposes of reviewing and providing supervision over the Group's financial reporting matters and internal controls. The Audit Committee comprises all

the three independent non-executive directors namely Mr. Chung Kam Kwong, being the Committee Chairman, Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing. Mr. Wong Pong Chun, James, being an executive director is also a member of the Committee and they meet at least four times a year.

Remuneration and Nomination Committees

The Company has a remuneration and nomination committee separately which were established in accordance with the relevant requirements of the Code. The two Committees are chaired by Mr. Chung Kam Kwong, an independent non-executive director and comprise three other members namely Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing, being independent non-executive directors and Mr. Wong Pong Chun, James, being an executive director of the Company.

Corporate Governance

We have complied with all the applicable code provisions set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2009, except for a major deviation as below:

— *Code Provision A.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, Steven. 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 and believes that this structure will enable us to make and implement decisions promptly and efficiently.

Publications of Interim Results and Interim Report

This interim results announcement is published on the website of the Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under the section "Latest Listed Company Information" and on the website of the Company at www.truly.com.hk. The 2009 Interim Report containing all the information required under paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on the Exchange will be published on the websites of the Exchange and the Company in due course.

By Order of the Board
Lam Wai Wah, Steven
Chairman

Hong Kong, 27 August 2009

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