

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

TRULY®

TRULY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00732)

ANNOUNCEMENT OF INTERIM RESULTS 2011

FINANCIAL HIGHLIGHTS

	For the six months ended		Change %
	30 June		
	2011 Unaudited HK\$'000	2010 Unaudited HK\$'000	
Revenue	4,352,047	3,325,141	+30.9
Gross profit	529,874	425,551	+24.5
Profit for the period	224,535	202,555	+10.9
EBITDA	567,243	470,115	+20.7
Basic EPS (HK cents)	8.11	7.64 (Remark 1)	+6.2
DPS (HK cents)			
— First Interim	1	0.91 (Remark 1)	
— Second Interim	1	1.64 (Remark 1)	

Remark 1: After the effect of the subdivision of shares and bonus share in January 2011

THE CHAIRMAN'S STATEMENT

On behalf of the Board of Truly International Holdings Limited, I am pleased to announce a record breaking first half year revenue for 2011 amounting to approximately HK\$4.35 billion (2010: approximately HK\$3.33 billion) with approximately 30.9% growth when compared to last year same period. As the Group's gross profit margin (12.2%) cannot be improved in a short run, continuing increase in the Group's revenue is important to the growth of the Group in terms of profits and market share.

The Group has increased the purchase of raw material so as to meet the strong growth of demand of the Group's LCD products especially for smart phone related components in the second half of 2011. Therefore, the Group's inventory level has been largely increased during the first half of 2011. However, some controlling measures have been implemented to avoid over inventory since June 2011, we expect the Group's inventory level would be reduced before the end of year 2011.

Although the World's economic environment is uncertain in 2011, we still have confidence on the prospect of smart phone market particularly in China. We expect that the growth in the Group's revenue would be continuing in the second half of 2011 and would also be expected to have a new record again.

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, 23 August 2011

The board of directors (the “Board”) of Truly International Holdings Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated statement of comprehensive income of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2011 (the “Period”) and the interim condensed consolidated statement of financial position of the Group as at 30 June 2011 which have been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu, together with the comparative figures for the same period of 2010 which have been reviewed by the Audit Committee as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	Six months ended 30 June	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
REVENUE		4,352,047	3,325,141
Cost of sales		<u>(3,822,173)</u>	<u>(2,899,590)</u>
Gross profit		529,874	425,551
Other income		23,060	9,039
Administrative expenses		(148,743)	(122,352)
Distribution and selling expenses		(80,600)	(58,143)
Finance costs	4	<u>(27,737)</u>	<u>(17,540)</u>
PROFIT BEFORE TAX		295,854	236,555
INCOME TAX EXPENSE	5	<u>(71,319)</u>	<u>(34,000)</u>
PROFIT FOR THE PERIOD	6	<u>224,535</u>	<u>202,555</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Exchange differences arising on translation		148,429	30,247
Fair value loss on available-for-sale investment		(21,666)	—
		<u>126,763</u>	<u>30,247</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>351,298</u>	<u>232,802</u>
EARNINGS PER SHARE	7		
Basic		<u>HK8.11 cents</u>	<u>HK7.64 cents</u>
Diluted		<u>HK8.11 cents</u>	<u>HK7.64 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	<i>Notes</i>	30 June 2011 HK\$'000 (Unaudited)	31 December 2010 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		4,521,145	4,228,878
Prepaid lease payments		154,836	153,895
Intangible assets		2,858	5,710
Goodwill		413	413
Available-for-sale investment		134,176	—
Deferred tax assets		8,637	8,451
Deposits paid for acquisition of property, plant and equipment		47,811	32,613
		4,869,876	4,429,960
CURRENT ASSETS			
Inventories		1,214,333	748,872
Prepaid lease payments		3,886	3,730
Trade and other receivables	8	2,060,904	1,853,826
Tax recoverable		12,148	12,148
Bank balances and cash		758,792	851,945
		4,050,063	3,470,521
Non-current assets held for sale		10,842	14,535
		4,060,905	3,485,056
CURRENT LIABILITIES			
Trade and other payables	9	1,481,268	1,566,786
Tax liabilities		120,394	97,165
Derivative financial instruments		—	1,746
Bank and other borrowings, unsecured		2,425,423	1,653,287
		4,027,085	3,318,984
NET CURRENT ASSETS		33,820	166,072
TOTAL ASSETS LESS CURRENT LIABILITIES		4,903,696	4,596,032

	30 June 2011 HK\$'000 (Unaudited)	31 December 2010 HK\$'000 (Audited)
NON-CURRENT LIABILITIES		
Bank and other borrowings, unsecured	621,571	610,185
Deferred tax liabilities	35,760	35,442
	<u>657,331</u>	<u>645,627</u>
	<u>4,246,365</u>	<u>3,950,405</u>
CAPITAL AND RESERVES		
Share capital	55,361	50,327
Share premium and reserves	4,191,004	3,900,078
	<u>4,246,365</u>	<u>3,950,405</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance 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”) and with Hong Kong Accounting Standard 34 (HKAS 34), *Interim Financial Reporting*.

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010 except as described below. In addition, the Group applied the following accounting policies for its available-for-sale investment.

Available-for-sale financial assets (fair value can be measured reliably)

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

In the current interim period, the Group has applied, for the first time, a number of new or revised standards and interpretations (“new or revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial period beginning on 1 January 2011. The application of these HKFRSs has had no material effect on the amounts reported and disclosures set out in the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ²
HKAS 19 (Revised 2011)	Employee Benefits ¹
HKAS 27 (Revised 2011)	Separate Financial Statements ¹
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures ¹

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 July 2012

The directors of the Company anticipate that the application of these new or revised standards will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and assessment of performance is focused 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 products
Electronic consumer products	—	manufacture and distribution of electronic consumer products such as 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 2011 (Unaudited)

	LCD products HK\$’000	Electronic consumer products HK\$’000	Segment total HK\$’000	Eliminations HK\$’000	Consolidated HK\$’000
REVENUE					
External sales	4,022,116	329,931	4,352,047	—	4,352,047
Inter-segment sales	—	257,044	257,044	(257,044)	—
	<u>4,022,116</u>	<u>586,975</u>	<u>4,609,091</u>	<u>(257,044)</u>	<u>4,352,047</u>
RESULT					
Segment result	245,036	95,381	340,417	(29,048)	311,369
Unallocated expenses					<u>(15,515)</u>
Profit before tax					<u>295,854</u>

Six months ended 30 June 2010 (Unaudited)

	LCD products HK\$’000	Electronic consumer products HK\$’000	Segment total HK\$’000	Eliminations HK\$’000	Consolidated HK\$’000
REVENUE					
External sales	3,138,808	186,333	3,325,141	—	3,325,141
Inter-segment sales	—	64,034	64,034	(64,034)	—
	<u>3,138,808</u>	<u>250,367</u>	<u>3,389,175</u>	<u>(64,034)</u>	<u>3,325,141</u>
RESULT					
Segment result	240,041	17,895	257,936	(3,645)	254,291
Unallocated expenses					<u>(17,736)</u>
Profit before tax					<u>236,555</u>

4. FINANCE COSTS

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Interest on bank and other borrowings wholly repayable within five years	<u>27,737</u>	<u>17,540</u>

5. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both period.

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, one of the Company's PRC subsidiaries is classified as an advance technology entity and entitled to 15% PRC enterprise income tax for the three years 2009 to 2011.

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 is subject to PRC withholding tax at the applicable tax rate of 5%.

In the prior years, the Hong Kong Inland Revenue Department ("IRD") issued profits tax assessments in respect of the disallowance of offshore profit claims in aggregate of approximately HK\$55,000,000 against a wholly-owned subsidiary of the Company for the years of assessment 2001/2002 to 2005/2006. The Group lodged objections with the IRD and the IRD previously agreed to defer payment of the tax claimed completely subject to the subsidiary in question purchasing tax reserve certificates for those years of assessment. The tax reserve certificates amounting to HK\$32,402,000 were purchased by the relevant subsidiary in prior years.

The Group received a notice of determination from the IRD dated 10 March 2011 for the additional profits tax assessments amounting to HK\$135,889,000 in respect of the disallowance of offshore profit claims HK\$55,000,000 together with the non-deduction of management fees, prescribed fixed assets and statutory depreciation allowance amounting to HK\$80,889,000 for the years of assessment 2001/2002 to 2005/2006. The Group has lodged an appeal (the "Tax Appeal") to the Board of Review as the Group believes that there are reasonable grounds to substantiate the claims.

Based on professional advice and recent court rulings of relevant precedent cases related to offshore profit claims, the Group has made provisions of HK\$55,000,000 equivalent to the amount of tax dispute in relation to the offshore profit claims as at 31 December 2010 and at 30 June 2011, which represents the Company's directors' present best estimate of the potential tax liability. In respect of the unprovided additional tax assessments, the directors are of the opinion that the Group has reasonable ground to claim for the deduction and accordingly they believe that there was no material underprovision of tax liabilities as at 30 June 2011.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2011 <i>HK\$'000</i> (Unaudited)	2010 <i>HK\$'000</i> (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Auditor's remuneration	1,600	1,300
Cost of inventories	3,269,024	2,506,196
Depreciation and amortisation on:		
Property, plant and equipment	240,800	213,019
Technical know-how included in cost of sales	2,833	2,980
Trademarks included in cost of sales	19	21
	<u>243,652</u>	<u>216,020</u>
Operating lease rental in respect of rented premises	3,035	1,951
Release of prepaid lease payments	1,951	1,880
Staff costs, inclusive of directors' remuneration	<u>440,960</u>	<u>258,817</u>

7. EARNINGS PER SHARE

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

Earnings	Six months ended 30 June	
	2011 <i>HK\$'000</i> (Unaudited)	2010 <i>HK\$'000</i> (Unaudited)
Earnings for the purposes of basic and diluted earnings per share	<u>224,535</u>	<u>202,555</u>
Number of shares	2011	2010
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,768,006	2,649,642
Effect of dilutive potential ordinary shares:		
Share options issued by Company	<u>2,434</u>	<u>4,345</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>2,770,440</u>	<u>2,653,987</u> <i>(Remark 1)</i>

Remark 1: The weighted average number of ordinary shares for the purpose of basic earning per share has been adjusted for the bonus issued and share sub-division that took place in January 2011.

8. TRADE AND OTHER RECEIVABLES

The Group allows a credit period ranging from 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period, net of the allowance for doubtful debts at the reporting date:

	30 June 2011 HK\$'000 (Unaudited)	31 December 2010 HK\$'000 (Audited)
Within 60 days	1,482,529	1,503,764
61 to 90 days	168,724	44,105
More than 90 days	39,370	30,686
	<hr/>	<hr/>
Other receivables, deposits and prepayment	1,690,623	1,578,555
	370,281	275,271
	<hr/>	<hr/>
	2,060,904	1,853,826
	<hr/> <hr/>	<hr/> <hr/>

9. TRADE AND OTHER PAYABLES

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

	30 June 2011 HK\$'000 (Unaudited)	31 December 2010 HK\$'000 (Audited)
Within 60 days	736,607	766,965
61 to 90 days	220,017	168,368
More than 90 days	24,795	64,905
	<hr/>	<hr/>
	981,419	1,000,238
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Group's turnover for the six months ended 30 June 2011 amounted to approximately HK\$4.35 billion (2010: approximately HK\$3.33 billion). Profit for the period was approximately HK\$225 million (2010: approximately HK\$203 million).

Business Review and Outlook

Revenue for the first half year was up by more than 30% to around HK\$4.35 billion (2010: HK\$3.33 billion). During the period, LCD business accounted for more than 92% of the Group's turnover. The sales mix was with TFT products accounting for 54%, CSTN representing 10%, mono TN, STN and others together of 36%. The LCD operating segment will continue to be the Group's core business and main growth driver. High growth of automotive display sales and capacitive touch panel sales are representative examples of the Group in this interim period and we expect a booming growth of these two types of businesses in the fourth quarter of 2011.

To support the huge revenue growth, new heavy investments are required especially in the acquisitions of production facilities, inventories and the increment in manufacturing costs, causing the Group's bank loans increased. Production planning and marketing teams continue closely integrated to work out the best costing structure to achieve the optimal operating and financial results for the Group on one hand and improve the cash flows for the Group's sustainable growth on the other.

The continuance of inflation in China in 2011 leads to the increase in the Group's wages in China. It is one of the reasons that the Group's gross profit margin cannot be improved in this interim period. By the investment in the Group's production facilities approximately HK\$405 million in this period, we believe that the Group's production efficiency can be enhanced so as to improve the Group's gross profit margin in 2012.

Besides a well established long-term relationship with existing key customers, the Group has started new business with other major brand-names in the China market place since the fourth quarter of year 2010. Therefore, the huge growth of the Group's revenue could be sustained.

Liquidity and Financial Resources

The Group's assets including property, plant and equipment, available for sale investment and inventory have been increased by approximately HK\$1 billion during the period, which were financed by the group's internal reserves and bank loans.

At the balance sheet date, the outstanding bank and other borrowings, net of cash and bank balances, were HK\$2,288 million (HK\$1,412 million at 31 December 2010). Among the total gross borrowings of HK\$3,047 million, HK\$2,425 million were repayable within a year with the remaining balances repayable within a period of two to three years.

Capital expenditure of approximately HK\$180 million for the next three years in respect of acquisition of property, plant and equipment was authorized but not contracted for, and will be financed principally from internal reserves.

General

On 19 January 2011, an ordinary resolution was passed at the Extraordinary General Meeting of the Company to subdivide each existing issued and unissued share of HK\$0.10 each into 5 shares of HK\$0.02 each. The share subdivision is effective on 20 January 2011.

The share capital of the Company was increased by approximately HK\$5,034,000 by the issue of 251,634,763 bonus ordinary shares after subdivision and the exercise of 55,000 staff options during the period after the share subdivision and bonus ordinary shares. The state of the Group's current order books is very good.

Except for investments in subsidiaries and investment in HannStar Display Corporation (HannStar) which is listed in Taiwan Stock Exchange, neither the Group nor the Company had held any material investments during the six months ended 30 June 2011. The details of the investment in HannStar are described in the Company's discloseable transaction announcement on 19 January 2011.

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

There are approximately 18,000 workers and employees currently employed in the Group's Shan Wei factory and around 100 staff in our Hong Kong office.

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

OTHER INFORMATION

Interim Dividends

The Directors have resolved to pay a second interim dividend of 1 HK cent per share to shareholders whose names appear on the Register of Members on 18 October 2011. Together with the first interim dividend of 1 HK cent per share paid on 11 July 2011, the total interim dividends paid and payable were 2 HK cents per share (2010: 2.55 HK cents with the effect of subdivision of ordinary share and bonus share in January 2011). It is expected that the second interim dividend payments will be made to shareholders on 11 November 2011.

Closure of Register of Members

The Register of Members will be closed from 14 October 2011 to 18 October 2011, 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 13 October 2011.

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 2011, 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 HKExnews website at www.hkexnews.hk and on the website of the Company at www.truly.com.hk. The 2011 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, 23 August 2011

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.