



TRULY[®]

Truly International Holdings Limited

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

INTERIM REPORT 2022

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTOR

Song Bei Bei (re-designated from
an executive director to a non-executive
director with effect from 26 August 2022)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Kam Kwong
Ip Cho Ting, Spencer
Heung Kai Sing

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Lau Fan Yu

AUDITOR

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

REGISTERED OFFICE

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

PRINCIPAL OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG LEGAL ADVISOR

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

MAJOR BANKERS

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

WEBSITE

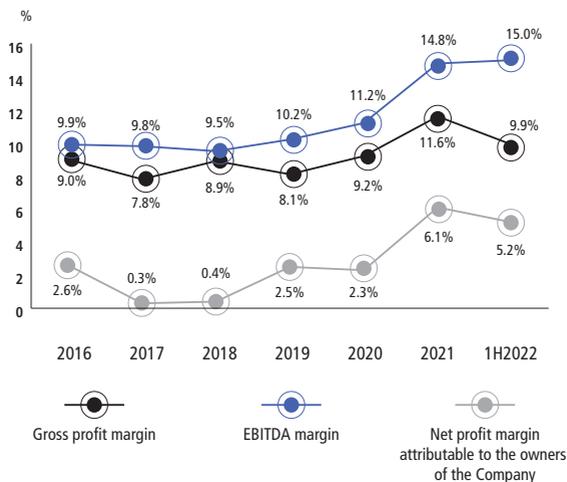
<http://www.truly.com.hk>

FINANCIAL HIGHLIGHTS

For the six months ended 30 June

	2022 Unaudited HK\$'000	2021 Unaudited HK\$'000	Change
Revenue	10,794,336	11,031,458	-2.1%
Gross profit	1,069,900	1,321,008	-19%
Profit for the period attributable to the owners of the Company	560,422	665,473	-15.8%
EBITDA	1,622,106	1,748,911	-7.3%
Basic earnings per share (HK cents)	17.05	20.23	-15.7%
Dividend per share (HK cents) — Interim(s)	5	5	—

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



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
REVENUE	3	10,794,366	11,031,458
Cost of sales		(9,724,466)	(9,710,450)
Gross profit		1,069,900	1,321,008
Other income		159,239	104,608
Other gains and losses		31,863	15,741
Net unrealized loss on financial assets at fair value through profit or loss ("FVTPL")		(1,110)	(3,580)
Administrative expenses		(238,092)	(195,217)
Distribution and selling expenses		(231,833)	(225,317)
Finance costs	4	(176,376)	(185,789)
Share of results of associates		6,460	50,009
PROFIT BEFORE TAX		620,051	881,463
INCOME TAX EXPENSE	5	(92,037)	(157,477)
PROFIT FOR THE PERIOD	6	528,014	723,986
OTHER COMPREHENSIVE (EXPENSE) INCOME			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(512,981)	121,434
Share of exchange differences arising on translation of associates		(196)	18
Other comprehensive (expense) income for the period		(513,177)	121,452
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		14,837	845,438

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

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		560,422	665,473
Non-controlling interests		(32,408)	58,513
		528,014	723,986
Total comprehensive income (loss) for the period attributable to:			
Owners of the Company		61,213	775,597
Non-controlling interests		(46,376)	69,841
		14,837	845,438
EARNINGS PER SHARE			
Basic — HK cents	8	17.05	20.23

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	15,063,432	16,217,398
Right-of-use assets		987,838	1,063,958
Intangible assets		–	–
Goodwill		587,837	587,837
Interest in associates		593,916	614,152
Financial assets at fair value through profit or loss	10	3,423	4,533
Deferred tax assets		54,810	56,543
Deposits paid for acquisition of property, plant and equipment		12,975	28,327
Rental deposits		80,005	80,711
		17,384,236	18,653,459
CURRENT ASSETS			
Inventories		3,826,790	4,231,207
Trade and other receivables	11	3,697,828	4,634,259
Trade receivable at fair value through other comprehensive income	12	837,523	534,847
Tax recoverable		30,976	26,657
Restricted bank deposits, bank balances and cash		2,119,340	1,652,915
		10,512,457	11,079,885

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2022

	Notes	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	13	8,362,623	9,607,792
Contract liabilities		358,078	614,975
Tax liabilities		156,416	137,469
Bank and other borrowings	14	5,402,094	5,461,419
Bonds payable		350,794	371,996
Amounts due to an associate		697,938	679,515
Lease liabilities		121,956	143,652
Derivative financial instruments		–	584
		15,449,899	17,017,402
NET CURRENT LIABILITIES		(4,937,442)	(5,937,517)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,446,794	12,715,942
NON-CURRENT LIABILITIES			
Bank and other borrowings	14	688,235	655,087
Other payable		29,283	95,380
Lease liabilities		97,976	156,509
Deferred tax liabilities		146,976	149,457
		962,470	1,056,433
NET ASSETS		11,484,324	11,659,509
CAPITAL AND RESERVES			
Share capital	15	65,561	65,785
Share premium and other reserves		11,088,013	11,216,598
Equity attributable to owners of the Company		11,153,574	11,282,383
Non-controlling interests		330,750	377,126
TOTAL EQUITY		11,484,324	11,659,509

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share Capital HK\$'000	Share Premium HK\$'000	Special Reserve HK\$'000 (note a)
At 31 December 2020 (audited)	65,785	1,395,441	990
Profit for the period	-	-	-
Other comprehensive income for the period			
— Exchange differences arising on translation of foreign operations	-	-	-
— Exchange differences arising on translation of associates	-	-	-
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-
At 30 June 2021 (unaudited)	65,785	1,395,441	990
Profit (loss) for the period	-	-	-
Other comprehensive income (expense) for the period			
— Exchange differences arising on translation of foreign operations	-	-	-
— Exchange differences arising on translation of associates	-	-	-
Other comprehensive income (expense) for the period	-	-	-
Total comprehensive income (expense) for the period	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-
Acquisition of subsidiary	-	-	-
Dividend declared	-	-	-
Transfer	-	-	-
At 31 December 2021 (audited)	65,785	1,395,441	990
Profit (loss) for the period	-	-	-
Other comprehensive expense for the period			
— Exchange differences arising on translation of foreign operations	-	-	-
— Exchange differences arising on translation of associate	-	-	-
Other comprehensive expense for the period	-	-	-
Total comprehensive expense for the period	-	-	-
Share repurchased	(224)	(25,444)	-
Dividend declared	-	-	-
At 30 June 2022 (unaudited)	65,561	1,369,997	990

Notes:

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2022

Capital redemption reserve HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000 (note b)	Retained profits HK\$'000	Total equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
867	628,517	1,849,131	5,431,154	9,371,885	1,103,501	10,475,386
-	-	-	665,473	665,473	58,513	723,986
-	110,106	-	-	110,106	11,328	121,434
-	18	-	-	18	-	18
-	110,124	-	-	110,124	11,328	121,452
-	110,124	-	665,473	775,597	69,841	845,438
-	55	901	-	956	(4,596)	(3,640)
867	738,696	1,850,032	6,096,627	10,148,438	1,168,746	11,317,184
-	-	-	712,525	712,525	(5,857)	706,668
-	248,710	-	-	248,710	(2,133)	246,577
-	919	-	-	919	-	919
-	249,629	-	-	249,629	(2,133)	247,496
-	249,629	-	712,525	962,154	(7,990)	954,164
-	5,857	(204,001)	534,396	336,252	(1,084,737)	(748,485)
-	-	-	-	-	301,107	301,107
-	-	-	(164,461)	(164,461)	-	(164,461)
-	-	46,445	(46,445)	-	-	-
867	994,182	1,692,476	7,132,642	11,282,383	377,126	11,659,509
-	-	-	560,422	560,422	(32,408)	528,014
-	(499,013)	-	-	(499,013)	(13,968)	(512,981)
-	(196)	-	-	(196)	-	(196)
-	(499,209)	-	-	(499,209)	(13,968)	(513,177)
-	(499,209)	-	560,422	61,213	(46,376)	14,837
107	-	-	-	(25,561)	-	(25,561)
-	-	-	(164,461)	(164,461)	-	(164,461)
974	494,973	1,692,476	7,528,603	11,153,574	330,750	11,484,324

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	3,000,059	3,695,282
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(309,930)	(324,014)
Deposits paid for acquisition of property, plant and equipment	(12,975)	(894)
Placement of restricted bank deposits	(1,089,994)	(254,167)
Release of restricted bank deposits	809,383	353,212
Other investing cash flows	9,274	3,050
	(594,242)	(222,813)
NET CASH USED IN FINANCING ACTIVITIES		
Repayment of bank and other borrowings	(6,472,406)	(6,345,393)
Payment on repurchase of shares	(25,561)	–
Acquisition of additional interest in a subsidiary	–	(12)
Repayment of lease liabilities	(71,893)	(60,755)
Dividend paid	(164,461)	–
New bank and other borrowings raised	4,641,496	3,338,820
Other financing cash flows	(175,746)	(169,132)
	(2,268,571)	(3,236,472)
NET INCREASE IN CASH AND CASH EQUIVALENTS	137,246	235,997
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,208,068	1,034,982
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	75,315	20,920
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	1,420,629	1,291,899

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2022

3. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision makers, for the purpose of resources allocation and assessment of performance focuses on the sales of different types of products. Inter-segment sales are charged at prevailing market rates. Thus the Group is currently organised into two operating segments which are sales of liquid crystal display ("LCD") products and electronic consumer products. The information for each operating segment is as follows:

- LCD products — manufacture and distribution of LCD and touch panel products
- Electronic consumer products — manufacture and distribution of electronic consumer products such as compact camera module, fingerprint identification module, personal health care products and electrical devices

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

Six months ended 30 June 2022 (Unaudited)

	LCD products HK\$'000	Electronic consumer products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	8,908,851	1,885,515	10,794,366	–	10,794,366
Inter-segment sales	–	198,545	198,545	(198,545)	–
	8,908,851	2,084,060	10,992,911	(198,545)	10,794,366
RESULT					
Segment result	781,710	25,756	807,466	(9,292)	798,174
Finance costs					(176,376)
Share of result of associates					6,460
Unallocated expenses					(8,207)
Profit before tax					620,051

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2022

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

Six months ended 30 June 2021 (Unaudited)

	LCD products HK\$'000	Electronic consumer products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	7,984,171	3,047,287	11,031,458	–	11,031,458
Inter-segment sales	–	162,039	162,039	(162,039)	–
	7,984,171	3,209,326	11,193,497	(162,039)	11,031,458
RESULT					
Segment result	892,906	140,398	1,033,304	(7,588)	1,025,716
Finance costs					(185,789)
Share of result of associates					50,009
Unallocated expenses					(8,473)
Profit before tax					881,463

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2022

4. FINANCE COSTS

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on bank and other borrowings wholly repayable within five years	176,376	185,789

5. INCOME TAX EXPENSE

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

Income tax arising in the PRC and other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant law and regulations in the PRC, four 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 2020 or 2021.

Pursuant to the PRC Enterprise Income Tax Law and the Detailed Implementation Rules, distribution of the profits earned by the PRC subsidiaries since 1 January 2008 to holding companies incorporated in Hong Kong is subject to PRC withholding tax at the applicable tax rate of 5% to 10%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2022

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit for the period has been arrived at after charging:		
Auditor's remuneration	2,400	1,790
Cost of inventories recognised as an expense	8,074,479	8,262,111
Depreciation and amortisation on:		
Property, plant and equipment	789,291	647,670
Right-of-use assets	36,388	33,989
Loss on disposal of property, plant and equipment	3,908	1,571
Operating lease rental in respect of rented premises	1,202	2,296
Staff costs, inclusive of directors' remuneration	1,071,071	953,013
Other taxes	38,962	47,527

7. DIVIDENDS

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Dividend paid:		
2021 final		
— HK\$5 cents (2020: nil) per ordinary share	164,461	—
Dividend proposed:		
2022 interim proposed for the period		
— HK\$5 cents (2021: HK\$5 cents) per ordinary share	164,461	164,461

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2022

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	560,422	665,473

Number of shares

	2022 '000	2021 '000
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	3,287,149	3,289,229

The weighted average number of shares for the purpose of basic earnings per share has been adjusted for the shares repurchased during the interim period.

No diluted earnings per share is presented as there was no significant potential ordinary shares outstanding at the end of 30 June 2022 and 2021, respectively.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired certain property, plant and equipment amounting to HK\$338,257,000 (six months ended 30 June 2021: HK\$413,471,000).

During the period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$4,230,000 (six months ended 30 June 2021: HK\$1,790,000) for a cash consideration of HK\$322,000 (six months ended 30 June 2021: HK\$219,000), resulting in loss on disposal of HK\$3,908,000 (six months ended 30 June 2021: HK\$1,571,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2022

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Equity shares listed in Hong Kong (note)	3,423	4,533

Notes: The investments represent equity interest in companies incorporated in Hong Kong with its share listed on the Stock Exchange, which is stated at fair value. The fair value of listed equity security is determined based on quote market bid price available in the relevant stock exchange. During the current interim period, fair value loss of HK\$1,110,000 (six months ended 30 June 2021: fair value loss of HK\$3,580,000) has been recognised.

11. TRADE AND OTHER RECEIVABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade receivables	4,100,184	4,782,694
Less: Allowance for credit losses	(674,246)	(678,907)
	3,425,938	4,103,787
Other receivables, deposits and prepayments	351,895	611,183
Less: Allowance for credit losses	–	–
	351,895	611,183
Total trade and other receivables	3,777,833	4,714,970
Less: Rental deposits shown under non-current assets	(80,005)	(80,711)
Amounts shown under current assets	3,697,828	4,634,259

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2022

11. TRADE AND OTHER RECEIVABLES (continued)

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 credit losses, at the reporting date:

	30 June 2022			31 December 2021		
	Trade receivable HK\$'000 (Unaudited)	Bills receivable HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Trade receivable HK\$'000 (Audited)	Bills receivable HK\$'000 (Audited)	Total HK\$'000 (Audited)
Within 60 days	2,363,667	–	2,363,667	3,052,566	–	3,052,566
61 to 90 days	558,147	–	558,147	642,372	–	642,372
More than 90 days	504,124	–	504,124	408,849	–	408,849
	3,425,938	–	3,425,938	4,103,787	–	4,103,787

Movement in the allowance for credit losses:

	30 June 2022 HK\$'000 (Unaudited)
Balance at the beginning of the reporting period	678,907
Impairment losses recognised on receivables (net of impairment losses reversed) and new financial assets originated	(1,517)
Amounts written off as uncollectible	(3,144)
Balance at the end of the reporting period	674,246

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2022

12. TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade receivables	358,856	294,458
Bills receivables	478,667	240,389
	837,523	534,847

The following is an aging analysis of trade and bills receivables at fair value through other comprehensive income presented based on the invoice date at the end of the reporting period:

	30 June 2022			31 December 2021		
	Trade receivables HK\$'000 (Unaudited)	Bills receivables HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Trade receivables HK\$'000 (Audited)	Bills receivables HK\$'000 (Audited)	Total HK\$'000 (Audited)
Within 60 days	264,790	400,794	665,584	290,429	111,980	402,409
61–90 days	56,800	67,814	124,614	3,972	91,658	95,630
More than 90 days	37,266	10,059	47,325	57	36,751	36,808
	358,856	478,667	837,523	294,458	240,389	534,847

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2022

13. 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 2022			31 December 2021		
	Trade payables HK\$'000 (Unaudited)	Bills payables HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Trade payables HK\$'000 (Audited)	Bills payables HK\$'000 (Audited)	Total HK\$'000 (Audited)
Within 60 days	2,811,623	842,722	3,654,345	4,404,430	814,622	5,219,052
61 to 90 days	654,542	240,903	895,445	444,891	266,833	711,724
More than 90 days	992,788	937,167	1,929,955	768,547	1,246,702	2,015,249
	4,458,953	2,020,792	6,479,745	5,617,868	2,328,157	7,946,025

14. BANK AND OTHER BORROWINGS

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Secured:		
Bank loan	475,788	771,735
Unsecured:		
Bank loans	4,368,460	3,633,689
Bills discounted with recourse	–	68,489
Trust receipt loans	851,813	959,989
Other loans	394,268	682,604
	6,090,329	6,116,506

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2022

14. BANK AND OTHER BORROWINGS (continued)

During the current interim period, the Group obtained new bank borrowings amounting to approximately HK\$4,641,496,000 (six months ended 30 June 2021: approximately HK\$3,338,820,000). The proceeds are used to repay bank borrowings, finance the daily operation and acquisition of property, plant and equipment.

As at 30 June 2022, the Group's bank borrowings included fixed-rate borrowings of approximately HK\$4,547,240,000 (31 December 2021: approximately HK\$1,962,608,000) which carry effective rates ranged from 1.65% to 7.13% per annum (31 December 2021: 0.53% to 7.13%) (which are also equal to contracted interest rates). The remaining Group's borrowings are variable-rate borrowings which carry interest at Hong Kong Interbank Offered Rate ("HIBOR"), London Interbank Offer Rate ("LIBOR") or Benchmark Loan Rate issued by the National Interbank Funding Center ("Benchmark Loan Rate") plus certain basis points. Interest is mainly repriced every month and the range of effective interest rates is at 1.68% to 7.28% (31 December 2021: 0.61% to 4.85%) per annum.

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

15. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.02 each		
Authorised:		
Balance at 1 January 2021, 31 December 2021 and 30 June 2022	5,000,000,000	100,000
Issued and fully paid:		
Balance at 1 January 2021 and 31 December 2021	3,289,229,398	65,785
Share repurchased and cancelled	(11,220,000)	(224)
Balance at 30 June 2022	3,278,009,398	65,561

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2022

16. CAPITAL COMMITMENTS

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	217,672	308,121

17. RELATED PARTY TRANSACTIONS

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

Associate	Nature of transaction	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Truly (Huizhou) Smart Display Limited* 信利(惠州)智能顯示有限公司 ("Truly Huizhou")	Sales	–	30,738
	Purchase	–	553,521
	Interest income	–	16,602
	Rental income	–	60
Truly (Renshou) High-end Display Technology Limited * 信利(仁壽)高端顯示科技有限公司 ("Truly Renshou")	Sales	296	5,509
	Purchase	1,020,159	677,930
	Utility expenses	6,833	6,475

On 29 November 2021, the Group entered into the Agreement to acquire approximately 16.77% interest in Truly Huizhou. Truly Huizhou became an indirect non wholly-owned subsidiary of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2022

17. RELATED PARTY TRANSACTIONS (continued)

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

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Short-term benefits	8,835	7,749
Post-employment benefits	50	56
	8,885	7,805

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

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2022

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2022 (Unaudited)	31 December 2021 (Audited)		
Financial assets at FVTPL — listed equity shares in Hong Kong	Assets — HK\$3,423,000	Assets — HK\$4,533,000	Level 1	Quoted bid prices in an active market
Foreign currency forwards	Liabilities — HK\$0 Assets — HK\$0	Liabilities — HK\$584,000 Assets — HK\$0	Level 2	Discounted cashflow method The Key inputs are foreign exchange spot rates and forward rates and interest rate curves.
Trade receivable at FVTOCI	Assets — HK\$837,523,000	Assets — HK\$534,847,000	Level 2	Discounted cashflow method The Key input is market interest rate.

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

19. CONTINGENT LIABILITIES

We have no material contingent liabilities as at 30 June 2022.

20. PLEDGE OF ASSETS

At 30 June 2022, the Group's borrowings amounting to HK\$475,788,000 were secured by Truly Huizhou buildings with carrying amount of HK\$564,078,000.

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW

For the six months ended 30 June 2022, the global economic environment remains challenging under the geopolitical risk, the rising of inflation and interest rates. The COVID-19 pandemic recurred frequently in various cities in the Mainland China and it remains challenging for the Group's supply chain management, the Group's management persists in making thorough arrangements and deployment for the epidemic prevention work.

The Group's revenue of HK\$10.79 billion for the six months ended 30 June 2022 was approximately 2.1% lower than that for the same period in 2021, with the smartphone related products business declining by 7.9% year-on-year, while the non-smartphone related products business, particularly vehicle-mounted, industrial, medical and Internet of Things related products, continued to grow by 4.6% year-on-year. In view of the still keen competition in the smartphone related products business and the underperforming mid-to-high-end handset market, the Group's gross profit margin for the six months ended 30 June 2022 decreased to 9.9%, representing a decrease of approximately 2.1% when compared to the corresponding period in 2021.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six month ended 30 June 2022 (the "Period") was approximately HK\$10,794 million, representing a decrease of approximately 2.1% or approximately HK\$237 million when compared with the corresponding period of 2021. The decrease in revenue was mainly attributable by the decrease in smartphone related sales in the People Republic of China ("PRC") for the first half of 2022 when compared to the corresponding period of 2021.

Gross Profit and Margin

The Group's gross profit for the Period was approximately HK\$1,070 million and the gross profit margin was approximately 9.9%, which were approximately 19% and 2.1% lower than that for the corresponding period of 2021 respectively. Decreases in gross profit and gross profit margin were mainly due to decrease of average selling price of certain smartphone related products.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Other Income

The Group's other income for the Period was approximately HK\$159.2 million, representing an increase of approximately 52.2% or approximately HK\$54.6 million when compared with the corresponding period of 2021. Other income increased mainly because the government subsidies of approximately HK\$123.8 million received in the Period but only HK\$69.6 million in corresponding period of 2021.

Other Gains and Losses

The Group's other gains and losses for the Period was approximately HK\$31.9 million net other gains (2021 H1: approximately HK\$15.7 million). The increase in net other gains in the Period was mainly due to the net foreign exchange gain of approximately HK\$38 million recorded during the Period (2021 H1: approximately HK\$17 million).

Administrative Expenses

The Group's administrative expenses for the six months ended 30 June 2022 increased by approximately 22% or approximately HK\$42.9 million to approximately HK\$238.1 million when compared to the corresponding period of 2021. The increase in administrative expenses in the Period was mainly due to (i) the business combination of Truly (Huizhou) Smart Display Limited* (信利(惠州)智能顯示有限公司) ("Truly Huizhou") in early December 2021; and (ii) the increase of salaries and allowances.

Distribution and Selling Expenses

The Group's distribution and selling expenses for the six months ended 30 June 2022 increased by approximately 2.9% or approximately HK\$6.5 million to approximately HK\$231.8 million when compared to the corresponding period of 2021. The increase in distribution and selling expenses in the Period was mainly due to the increase of freight rates during the Period.

Profit for the Period Attributable to Owners of the Company

The profit for the Period attributable to owners of the Company was decreased to approximately HK\$560.4 million by approximately 15.8% when compared to the corresponding period of 2021. It was mainly because of the decrease of gross profit margin to 9.9% in the Period from 12.0% in corresponding period of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OUTLOOK

Looking ahead to the second half of 2022, the global economic recovery is expected to continue, the smartphone related products business remain challenging due to keen competition and the non-smartphone related products business will remain relatively stable. The management will keep abreast of display market developments and supply chain changes, technological upgrades in the industry and maintain close communication with customers to provide high quality and appropriate products and solutions to achieve business growth and create long-term value for its shareholders.

SIGNIFICANT INVESTMENTS, ACQUISITIONS, ASSETS AND LIABILITIES

Investment in an associate, Truly (Renshou) High-end Display Technology Limited* (信利(仁壽)高端顯示科技有限公司) (“Truly Renshou”)

Truly Renshou has completed the building construction of the fifth generation of TFT-LCD factory in Renshou in 2018. The full installation of the machineries was completed in 2020 and full-scale trial operation commenced in late 2020 and entered mass production in 2021.

The Group owns approximately 7.1% equity interest in Truly Renshou. Truly Renshou is accounted for as an associate of the Group 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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

As additional time is required for preparing and finalizing certain information to be included in the Circular, the dispatch of the Circular has been further delayed to a date on or before 31 August 2022. For detail of it, please refer to the announcement of the Company, "Further Delay in Despatch of Circular — Relation to A Major Transaction — the Formation of the AMOLED JV Company", dated 31 May 2022.

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group's assets have been decreased by approximately HK\$1,836.7 million and liabilities have been decreased by approximately HK\$1,661.5 million during the Period.

As at 30 June 2022, the outstanding lease liabilities, bonds payable and bank and other borrowings, net of restricted bank deposits, bank balances and cash, were approximately HK\$4,542 million (31 December 2021: approximately HK\$5,136 million). It was decreased by approximately 12% or HK\$594 million when compared to these net borrowings as at 31 December 2021. These borrowings bear interest at prevailing market rate and their maturity profiles are shown in the financial statements. For non-current portion of these borrowings were matured within 5 years.

As at 30 June 2022, the Group had net current liabilities of approximately HK\$4,937 million (as at 31 December 2021, net current liabilities of approximately HK\$5,938 million) and its current ratio increased to 0.68 times as at 30 June 2022 from 0.65 times as at 31 December 2021. The major reason for the decrease in net current liabilities position as at 30 June 2022 was because the Group has reduced debts and new capital expenditures during the Period, implemented some cost control measures and co-operations from customers and suppliers. The management would continue to improve the Group's net current liabilities position.

As at 30 June 2022, the Group has restricted bank deposits, bank balances and cash approximately HK\$2,119 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 41%, which has decreased from 46% as at 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Material Acquisitions and Disposals

(1) *Acquisition of interests in a major associate — Truly Huizhou*

On 29 November 2021, the Group entered into the Agreement to acquire approximately 16.77% interest in Truly Huizhou at a cash consideration of RMB450 million (equivalent to approximately HK\$550,350,000), in which RMB50 million (equivalent to approximately HK\$61,150,000) has been settled in 2021 and the remaining RMB400 million (equivalent to approximately HK\$489,200,000) will be settled in two installments within 2022. Upon completion of the acquisition, Truly Huizhou become an indirect non-wholly-owned subsidiary of the Company and owned as to approximately 76.5% by an indirect wholly-owned subsidiary of the Company and as to approximately 23.5% by an independent third party of the Company. For details of it, please refer to the announcement of the Company dated 29 November 2021.

(2) *Possible acquisition of equity interests of Truly Renshou*

During the six months ended 30 June 2022, the Company has been in negotiation with the relevant parties for a possible acquisition by the Group of additional equity interests of Truly Renshou from Renshou Jian No. 1 L.P.. For details, please refer to the Company's announcement dated 13 May 2022.

Save for the above, there were no material acquisitions and disposals of subsidiaries, associated companies and joint ventures during the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Pledge of Assets

At 30 June 2022, the Group's borrowings amounting to HK\$475,788,000 were secured by Truly Huizhou buildings with carrying amount of HK\$564,078,000.

General

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

Employee and Remuneration

Around 16,200 workers and staff are currently employed in factories of the Company in the PRC and around 100 personnel in the Group's Hong Kong office. Total staff costs for the Period were approximately HK\$1,071 million.

The Company has not yet adopted new share option scheme during the Period.

Capital Commitments

Capital expenditure commitment of around HK\$218 million in respect of acquisition of property, plant and equipment was contracted for but not provided as at 30 June 2022.

Contingent Liabilities

We had no material contingent liabilities as at 30 June 2022.

Exposure to fluctuations in exchange rates will be considered to hedge, if any.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of 5 HK cents per ordinary share (2021: 5 HK cents) for the period payable in cash to shareholders whose names appear on the register of members of the Company on Tuesday, 20 September 2022. It is expected that the interim dividend payments will be made to shareholders on Thursday, 1 December 2022.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2022, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions

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

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lam Wai Wah	Beneficial owner	1,441,852,000	43.91
	Held by spouse (note 1)	74,844,000	2.28
		1,516,696,000	46.19
Wong Pong Chun, James	Held by spouse (note 2)	1,650,000	0.05
Song Bei Bei	Beneficial owner	2,310,000	0.07
Dai Cheng Yun	Beneficial owner	202,000	0.01

OTHER INFORMATION (continued)

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

(continued)

Long positions (continued)

(b) Registered capital of the associated corporation of the Company

Truly Opto-Electronics Limited ("Truly Opto") (Note 3)

Name of director	Capacity	Registered capital contributed (RMB)	Percentage of paid up registered capital of Truly Opto %
Lam Wai Wah	Beneficial owner	1,043,460	0.28
Wong Pong Chun, James	Beneficial owner	2,590,120	0.70
Cheung Wing Cheung	Beneficial owner	324,020	0.09

Notes:

1. Lam Wai Wah is deemed to be interested in 74,844,000 ordinary shares of the Company, being the interests held beneficially by his spouse, Chung King Yee, Cecilia.
2. Wong Pong Chun, James is deemed to be interested in 1,650,000 ordinary shares of the Company, being the interests held beneficially by his spouse, Lai Ching Mui, Stella.
3. Truly Opto-Electronics Limited, a company registered in the People's Republic of China, is an indirect non-wholly owned subsidiary of the Company.
4. As at 30 June 2022, the number of issued shares of the Company was 3,283,285,398.

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as at 30 June 2022.

OTHER INFORMATION (continued)

SHARE OPTION SCHEME

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

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of Lam Wai Wah, the following shareholders had notified the Company of relevant interests in the issued shares or underlying shares of the Company.

Long positions

Ordinary shares of HK\$0.02 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ruan, David Ching-Chi ⁽¹⁾	Interest of controlled corporation ⁽²⁾	197,716,000	6.02%
RAYS Capital Partners Limited ⁽¹⁾	Investment manager ⁽²⁾	197,716,000	6.02%

Note:

- (1) He/It also has an unlisted derivative interest in 37,676,000 ordinary shares of the Company.
- (2) The details of the interests held by Ruan, David Ching-Chi in the Company are as follows:

Name of controlled corporation	Name of controlling shareholders	Total interests in shares	
		% controlled	Indirect interests
RAYS Capital Partners Limited	Ruan, David Ching-Chi	45.6%	197,716,000

OTHER INFORMATION (continued)

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Tuesday, 20 September 2022 during which day no transfer of shares can be registered. The record date for entitlement to the interim dividend is Tuesday, 20 September 2022. In order to qualify for the interim dividend, all transfers of shares accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 19 September 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2022, the Company repurchased a total of 11,220,000 ordinary shares of par value HK\$0.02 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited, with the aggregate consideration paid (before expenses) amounting to HK\$25,759,560. An aggregate 5,944,000 shares were cancelled during the Period by the Company. The remaining 5,276,000 shares were cancelled on 25 July 2022.

Particulars of the share repurchases are as follows:

Date	Number of Shares Repurchased	Purchase Price per Share		Aggregate Consideration
		Highest (HK\$)	Lowest (HK\$)	(before expenses) (HK\$)
May 2022	5,944,000	2.24	1.92	12,876,660
June 2022	5,276,000	2.54	2.19	12,882,900

The Directors considered that such repurchases would enhance the earnings per share and increase the net asset value per share attributable to the shareholders.

Except as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2022.

MODEL CODE

Specific enquiry has been made to all Directors, and none of the Directors of the Company is aware of information that would reasonably indicate that the Directors were 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 on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting matters and internal controls. The Audit Committee comprises all the three independent non-executive directors, namely, Mr. Chung Kam Kwong, being the Committee Chairman, Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing. They meet at least four times a year.

The Audit Committee of the Company has reviewed this unaudited interim condensed consolidated financial statements of the Group for the period and was satisfied that such financial statements were prepared in accordance with applicable accounting standard.

CORPORATE GOVERNANCE

We have complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2022, except for major deviations as below:

— Code Provision C.2.1

The roles of the chairman and the chief executive are not separated and are performed by the same individual, Mr. Lam Wai Wah. The Board believes that this structure will enable the Company to achieve higher efficiency and effectiveness when formulating business strategies and executing business plans. The Board will meet regularly to consider major matters affecting the operations of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the Company's management.

— Code Provision F.2.2

The Chairman did not attend the annual general meeting of the Company held on 26 May 2022 in Hong Kong because he has been stationed at the Shanwei factory of the Group since February 2020.

OTHER INFORMATION (continued)

CORPORATE GOVERNANCE (continued)

— Code Provision C.1.6

Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing, being the independent non-executive directors of the Company, were unable to attend the annual general meeting of the Company held on 26 May 2022 due to prior business commitment.

— Code Provision B.2.4(a)

Code provision B.2.4(a) of the Corporate Governance Code stipulates that where all the independent non-executive directors have served more than nine years on the board, the length of tenure of each existing independent non-executive director should be disclosed on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting. The independent non-executive directors of the Company (“INEDs”) have all been serving as INEDs for more than nine years. The Company has disclosed the year of appointment of Mr. Ip Cho Ting, Spencer in the circular of the Company dated 22 April 2022, but the length of the tenure of all the long serving INEDs on a named basis was omitted due to the misinterpretation that code provision B.2.4(a) would only start to be applicable to the circulars of the Company in relation to annual general meetings held for receiving and adopting the financial statements for the financial years commencing on or after 1 January 2022. Accordingly, the Company issued a supplemental announcement to disclose the length of tenure of all the INEDs on 26 April 2022.

EVENTS AFTER THE REPORTING PERIOD

Saved disclose in this report, there was no other important event affecting the Group that occurred after 30 June 2022 and up to the date of this report.

PUBLICATION OF INTERIM REPORT

This 2022 interim report is published on the HKEXnews website at www.hkexnews.hk and on the website of the Company at www.truly.com.hk.

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

Hong Kong, 26 August 2022

* For identification purpose only