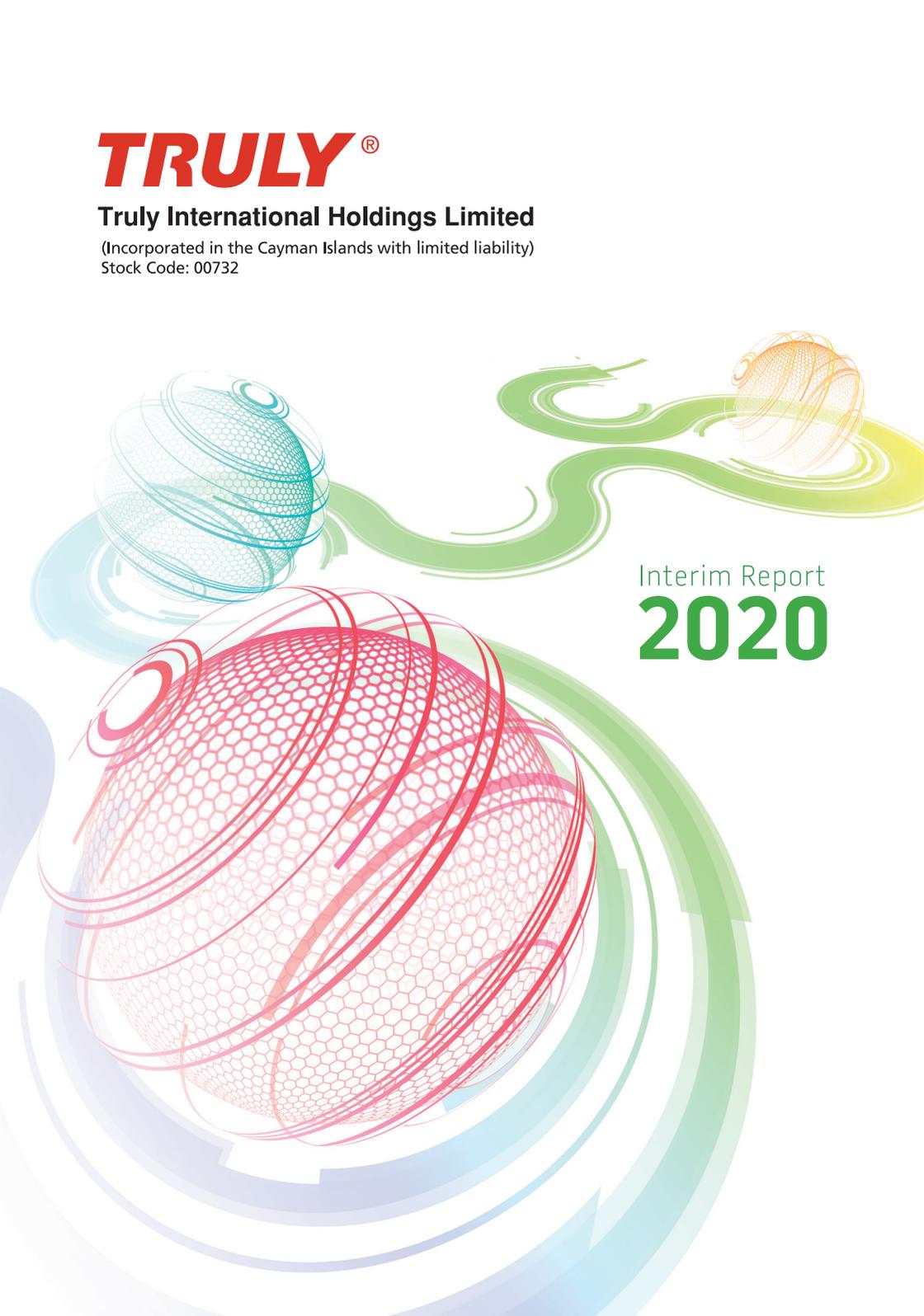


TRULY[®]

Truly International Holdings Limited

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



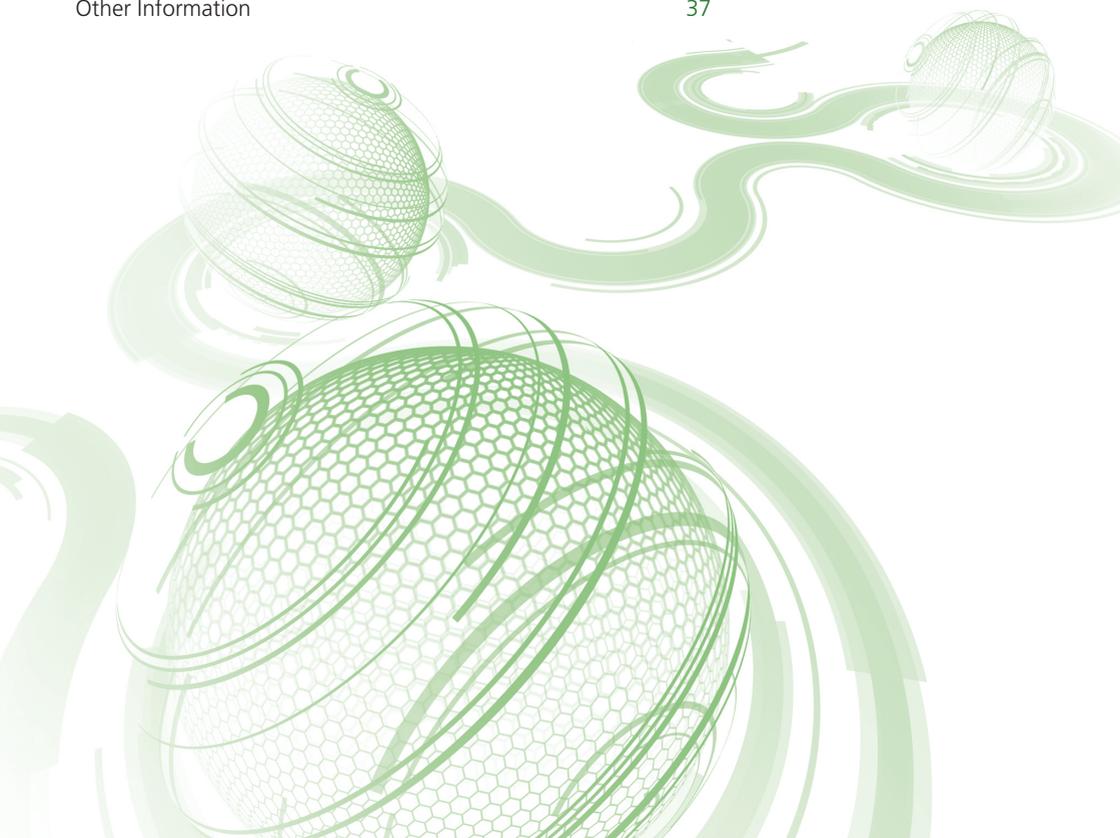
Interim Report
2020

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Lam Wai Wah (Chairman)

Wong Pong Chun, James

Ma Wai Tong

Song Bei Bei

Dai Cheng Yun

Cheung Wing Cheung

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Kam Kwong

Ip Cho Ting, Spencer

Heung Kai Sing

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Ma Wai Tong

AUDITOR

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditors

35/F One Pacific Place

88 Queensway

Hong Kong

REGISTERED OFFICE

P.O. Box 309

Grand Cayman

Cayman Islands

British West Indies

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

Level 54, Hopewell Centre,

183 Queen's Road East, Hong Kong

HONG KONG LEGAL ADVISOR

Luk & Partners

In Association with

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

CMB Wing Lung Bank Limited

Hang Seng Bank Limited

Industrial and Commercial Bank of

China Limited

Standard Chartered Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

WEBSITE

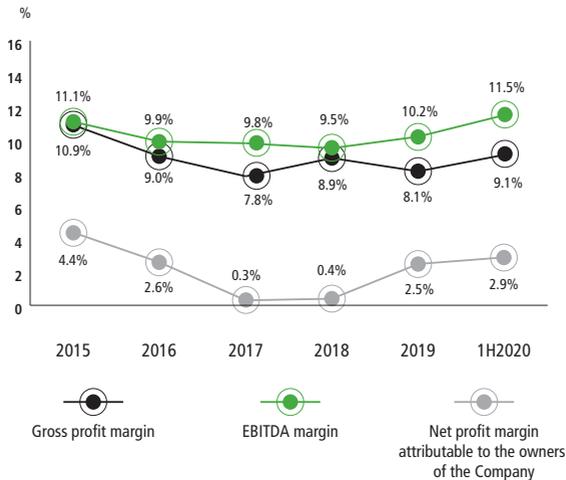
<http://www.truly.com.hk>

FINANCIAL HIGHLIGHTS

For the six months ended 30 June

	2020 Unaudited HK\$'000	2019 Unaudited HK\$'000	Change
Revenue	10,332,000	10,240,426	+0.9%
Gross profit	942,741	976,160	-3.4%
Profit for the period attributable to the owners of the Company	299,708	140,587	113.2%
EBITDA	1,192,710	993,501	20.1%
Basic Earnings per share (HK cents)	9.11	4.27	113.3%
DPS (HK cents) — Interim(s)	—	—	N/A

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 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
REVENUE	3	10,332,000	10,240,426
Cost of sales		(9,389,259)	(9,264,266)
Gross profit		942,741	976,160
Other income		80,340	74,960
Other gains and losses		(59,752)	(83,058)
Net unrealized gain on financial assets at fair value through profit or loss ("FVTPL")		1,485	157
Administrative expenses		(157,764)	(149,653)
Distribution and selling expenses		(205,330)	(241,081)
Finance costs	4	(190,346)	(196,165)
Share of results of associates		3,626	(146,096)
PROFIT BEFORE TAX		415,000	235,224
INCOME TAX EXPENSE	5	(69,522)	(57,448)
PROFIT FOR THE PERIOD	6	345,478	177,776
OTHER COMPREHENSIVE (EXPENSE) INCOME			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(148,620)	60,129
Share of exchange differences arising on translation of associates		(19,172)	933
Other comprehensive (expense) income for the period		(167,792)	61,062
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		177,686	238,838

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

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		299,708	140,587
Non-controlling interests		45,770	37,189
		345,478	177,776
Total comprehensive income for the period attributable to:			
Owners of the Company		145,952	199,774
Non-controlling interests		31,734	39,064
		177,686	238,838
EARNINGS PER SHARE			
Basic — HK cents	8	9.11	4.27

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	11,547,991	12,123,153
Right-of-use assets		673,831	521,420
Intangible assets		–	–
Goodwill		413	413
Interest in associates		1,146,289	1,179,815
Financial assets at fair value through profit or loss	10	7,034	5,549
Deferred tax assets		60,358	75,432
Deposits paid and other payments for acquisition of property, plant and equipment		132,095	72,996
		13,568,011	13,978,778
CURRENT ASSETS			
Inventories		3,582,619	3,974,828
Trade and other receivables	11	3,610,438	3,735,030
Trade receivables at fair value through other comprehensive income	12	1,381,759	1,293,194
Derivative financial instruments		15,404	–
Amount due from an associate		1,771,490	1,348,250
Tax recoverable		3,928	18,412
Restricted bank deposits, bank balances and cash		1,179,960	637,744
		11,545,598	11,007,458

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2020

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	13	9,346,811	9,178,327
Amount due to associates		29,400	129,214
Tax liabilities		49,122	54,342
Bank and other borrowings	14	4,331,180	5,215,550
Contract liabilities		319,691	251,017
Derivative financial instruments		827	283
Lease liabilities — current portion		59,574	19,048
		14,136,605	14,847,781
NET CURRENT LIABILITIES		(2,591,007)	(3,840,323)
TOTAL ASSETS LESS CURRENT LIABILITIES		10,977,004	10,138,455
NON-CURRENT LIABILITIES			
Bank and other borrowings	14	1,152,077	607,066
Bonds payable		367,848	373,731
Deferred tax liabilities		74,815	79,813
Lease liabilities — non-current portion		196,879	70,146
		1,791,619	1,130,756
NET ASSETS		9,185,385	9,007,699
CAPITAL AND RESERVES			
Share capital	15	65,785	65,785
Share premium and other reserves		8,136,188	7,990,236
Equity attributable to owners of the Company		8,201,973	8,056,021
Non-controlling interests		983,412	951,678
TOTAL EQUITY		9,185,385	9,007,699

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share Capital HK\$'000	Share Premium HK\$'000	Special Reserve HK\$'000 (note a)
At 31 December 2018 (audited)	65,785	1,395,441	990
Remeasurement of right-of-use assets (restated)	-	-	-
At 1 January 2019 (restated)	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	-	-	-
Deemed disposal of partial interests in a subsidiary	-	-	-
Dividends paid to non-controlling interests in a subsidiary	-	-	-
At 30 June 2019 (unaudited)	65,785	1,395,441	990
Profit for the period	-	-	-
Other comprehensive expense for the period			
— Exchange differences arising on translation of foreign operations	-	-	-
— Exchange differences arising on translation of associates	-	-	-
Other comprehensive expense for the period	-	-	-
Total comprehensive (expense) income for the period	-	-	-
Transfer	-	-	-
Deemed disposal of partial interests in a subsidiary	-	-	-
Exchange differences arising on dividends paid to non-controlling interests in a subsidiary	-	-	-
At 31 December 2019 (audited)	65,785	1,395,441	990
Profit for the period	-	-	-
Other comprehensive expense for the period			
— Exchange differences arising on translation of foreign operations	-	-	-
— Exchange differences arising on translation of associates	-	-	-
Other comprehensive expense for the period	-	-	-
Total comprehensive (expense) income for the period	-	-	-
At 30 June 2020 (unaudited)	65,785	1,395,441	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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2020

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 interest HK\$'000	Total HK\$'000
867	2,989	1,476,482	4,694,022	7,636,576	609,451	8,246,027
-	-	-	(502)	(502)	(15)	(517)
867	2,989	1,476,482	4,693,520	7,636,074	609,436	8,245,510
-	-	-	140,587	140,587	37,189	177,776
-	58,254	-	-	58,254	1,875	60,129
-	933	-	-	933	-	933
-	59,187	-	-	59,187	1,875	61,062
-	59,187	-	140,587	199,774	39,064	238,838
-	-	44,947	-	44,947	284,783	329,730
-	-	-	-	-	(80,389)	(80,389)
867	62,176	1,521,429	4,834,107	7,880,795	852,894	8,733,689
-	-	-	421,869	421,869	8,519	430,388
-	(268,863)	-	-	(268,863)	(13,828)	(282,691)
-	(2,704)	-	-	(2,704)	-	(2,704)
-	(271,567)	-	-	(271,567)	(13,828)	(285,395)
-	(271,567)	-	421,869	150,302	(5,309)	144,993
-	-	29,544	(29,544)	-	-	-
-	23,701	261,543	(260,320)	24,924	102,496	127,420
-	-	-	-	-	1,597	1,597
867	(185,690)	1,812,516	4,966,112	8,056,021	951,678	9,007,699
-	-	-	299,708	299,708	45,770	345,478
-	(134,584)	-	-	(134,584)	(14,036)	(148,620)
-	(19,172)	-	-	(19,172)	-	(19,172)
-	(153,756)	-	-	(153,756)	(14,036)	(167,792)
-	(153,756)	-	299,708	145,952	31,734	177,686
867	(339,446)	1,812,516	5,265,820	8,201,973	983,412	9,185,385

enterprise expansion reserve can be used for expansion of production facilities or an increase in registered capital; and (ii) difference between the carrying amount of interest in a subsidiary disposed of and the consideration received arising from the decrease in equity interest in a subsidiary.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	1,223,148	1,096,053
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(132,638)	(374,911)
Additions to right-of-use assets	–	(82,881)
Proceeds on disposal of an associate	22,249	–
Advance to an associate	–	(73,905)
Deposits paid for acquisition of property, plant and equipment	(132,095)	(59,384)
Placement of restricted bank deposits	(521,637)	(258,648)
Release of restricted bank deposits	135,458	271,948
Other investing cash flows	33,684	29,981
	(594,979)	(547,800)
NET CASH USED IN FINANCING ACTIVITIES		
Repayment of bank and other borrowings	(6,536,884)	(5,923,304)
Advance from an associate	–	966,450
Proceeds from deemed disposal of partial interests in a subsidiary without losing control	–	329,730
Repayment of lease liabilities	(22,664)	–
Dividends paid to non-controlling interests of a subsidiary	–	(80,389)
New bank and other borrowings raised	6,220,443	4,717,825
Other financing cash flows	(190,346)	(196,165)
	(529,451)	(185,853)
NET INCREASE IN CASH AND CASH EQUIVALENTS	98,718	362,400
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	503,680	1,090,379
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	57,319	36,767
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	659,717	1,489,546

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8

Definition of Material

Amendments to HKFRS 3

Definition of a Business

Amendments to HKFRS 9, HKAS 39 and HKFRS 7

Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and 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 2020

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Impacts of application on Amendments to HKAS 1 and HKAS 8

“Definition of Material”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other confirmation, in the context of the financial statements taken as a whole.

The application of the amendments in the current interim period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2020

3. SEGMENT INFORMATION (continued)

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 2020 (Unaudited)

	LCD products HK\$'000	Electronic consumer products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	6,828,944	3,503,056	10,332,000	–	10,332,000
Inter-segment sales	–	113,302	113,302	(113,302)	–
	6,828,944	3,616,358	10,445,302	(113,302)	10,332,000
RESULT					
Segment result	419,299	197,618	616,917	(2,096)	614,821
Finance costs					(190,346)
Share of result of associates					3,626
Unallocated expenses					(13,101)
Profit before tax					415,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2020

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

Six months ended 30 June 2019 (Unaudited)

	LCD products HK\$'000	Electronic consumer products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	6,789,512	3,450,914	10,240,426	–	10,240,426
Inter-segment sales	–	109,242	109,242	(109,242)	–
	6,789,512	3,560,156	10,349,668	(109,242)	10,240,426
RESULT					
Segment result	451,188	134,881	586,069	(2,021)	584,048
Finance costs					(196,165)
Share of result of associates					(146,096)
Unallocated expenses					(6,563)
Profit before tax					235,224

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2020

4. FINANCE COSTS

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on bank and other borrowings wholly repayable within five years	190,346	196,165

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, two of the Company's PRC subsidiaries were approved as Hi-Tech Enterprise and entitled to 15% PRC enterprise income tax for three years from 2018 to 2020.

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 2020

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit for the period has been arrived at after charging:		
Auditor's remuneration	1,700	1,600
Cost of inventories recognised as an expense	8,150,430	8,041,201
Depreciation and amortisation on:		
Property, plant and equipment	569,124	554,582
Right-of-use assets	18,240	7,530
Loss on disposal of property, plant and equipment	1,216	14,275
Operating lease rental in respect of rented premises	5,267	–
Staff costs, inclusive of directors' remuneration	780,502	776,074
Other taxes	16,547	18,679

7. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2020

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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	299,708	140,587

Number of shares

	2020 '000	2019 '000
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	3,289,229	3,289,229

No diluted earnings per share is presented as there was no significant potential ordinary shares outstanding at the end of 30 June 2020 and 2019, respectively.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired certain property, plant and equipment amounting to HK\$205,634,000 (six months ended 30 June 2019: HK\$506,935,000).

During the period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$6,287,000 (six months ended 30 June 2019: HK\$39,690,000) for a cash consideration of HK\$5,071,000 (six months ended 30 June 2019: HK\$25,415,000), resulting in loss on disposal of HK\$1,216,000 (six months ended 30 June 2019: HK\$14,275,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2020

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Equity shares listed in Hong Kong (note)	7,034	5,549

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 gain of HK\$1,485,000 (six months ended 30 June 2019: fair value gain of HK\$157,000) has been recognised.

11. TRADE AND OTHER RECEIVABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade receivables	3,602,467	3,773,869
Less: Allowance for credit losses	(630,746)	(612,719)
	2,971,721	3,161,150
Other receivables, deposits and prepayments	642,896	578,059
Less: Allowance for credit losses	(4,179)	(4,179)
	638,717	573,880
Total trade and other receivables	3,610,438	3,735,030

The Group allows a credit period ranging from 30–90 days to its trade customers.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2020

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 2020			31 December 2019		
	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	1,974,480	-	1,974,480	2,100,297	5,789	2,106,086
61 to 90 days	638,825	-	638,825	713,932	-	713,932
More than 90 days	358,416	-	358,416	341,132	-	341,132
	2,971,721	-	2,971,721	3,155,361	5,789	3,161,150

Movement in the allowance for credit losses:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Balance at the beginning of the reporting period	616,898	590,626
Impairment losses recognised on receivables (net of impairment losses reversed) and new financial assets originated	20,437	33,159
Amounts written off as uncollectible	(2,410)	(6,887)
Balance at the end of the reporting period	634,925	616,898

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2020

12. TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade receivables	1,366,680	1,289,128
Bills receivables	15,079	4,066
	1,381,759	1,293,194

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 2020			31 December 2019		
	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	1,268,245	15,079	1,283,324	1,176,506	1,227	1,177,733
61-90 days	98,435	-	98,435	111,430	488	111,918
More than 90 days	-	-	-	1,192	2,351	3,543
	1,366,680	15,079	1,381,759	1,289,128	4,066	1,293,194

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2020

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 2020			31 December 2019		
	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	4,882,990	1,387,360	6,270,350	4,948,729	740,832	5,689,561
61 to 90 days	768,294	45,498	813,792	765,278	142,978	908,256
More than 90 days	796,630	121,364	917,994	806,835	331,246	1,138,081
	6,447,914	1,554,222	8,002,136	6,520,842	1,215,056	7,735,898

14. BANK AND OTHER BORROWINGS

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Secured:		
Bank loan (note)	1,197,643	–
Unsecured:		
Bank loans	2,430,178	3,525,307
Bills discounted with recourse	–	5,789
Trust receipt loans	685,592	1,064,454
Other loans	1,169,844	1,227,066
	5,483,257	5,822,616

During the current interim period, the Group obtained new bank borrowings amounting to approximately HK\$6,220,443,000 (six months ended 30 June 2019: approximately HK\$4,717,825,000). The proceeds are used to repay bank borrowings, finance the daily operation and acquisition of property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2020

14. BANK AND OTHER BORROWINGS (continued)

As at 30 June 2020, the Group's bank borrowings included fixed-rate borrowings of approximately HK\$3,556,529,000 (31 December 2019: approximately HK\$2,128,867,000) which carry effective rates ranged from 1.05% to 8.70% per annum (31 December 2019: 2.03% 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") or London Interbank Offered Rate ("LIBOR") plus certain basis points. Interest is mainly repriced every month and the range of effective interest rates is at 1.50% to 4.57% (31 December 2019: 1.6% to 5.00%) per annum.

Note: The balance of the bank loan was secured by (i) all shares/registered capital of some subsidiaries held by the Group; (ii) some intercompany loan receivables of some subsidiaries of the Group; and (iii) some dividend receivable from a subsidiary of the Group.

15. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.02 each		
Authorised:		
Balance at 1 January 2019, 31 December 2019 and 30 June 2020	5,000,000,000	100,000
Issued and fully paid:		
Balance at 1 January 2019, 31 December 2019 and 30 June 2020	3,289,229,398	65,785

16. CAPITAL COMMITMENTS

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 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	473,000	400,272

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2020

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	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Truly (Huizhou) Smart Display Limited*	Sales	45,146	29,940
信利(惠州)智能顯示有限公司	Purchase	467,743	729,565
有限公司	Interest income	16,420	24,050
(“Truly Huizhou”)	Rental income	60	60
	Expenses relating to short-term leases	1,084	223
Truly (Renshou) High-end Display Technology Limited *	Sales	400	–
信利(仁壽)高端顯示科技有限公司	Purchase	51,623	–
(“Truly Renshou”)	Expenses relating to short-term leases	18,318	–

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

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Short-term benefits	6,330	5,303
Post-employment benefits	54	48
	6,384	5,351

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2020

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).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2020 (Unaudited)	31 December 2019 (Audited)		
Financial assets at FVTPL — listed equity shares in Hong Kong	Assets — HK\$7,034,000	Assets — HK\$5,549,000	Level 1	Quoted bid prices in an active market
Foreign currency forwards	Liabilities — HK\$347,000 Assets — HK\$15,404,000	Liabilities — HK\$194,000 Assets — Nil	Level 2	Discounted cashflow method The Key inputs are foreign exchange sport rates and forward rates and interest rate curves.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2020

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 2020 (Unaudited)	31 December 2019 (Audited)		
Trade receivable at FVTOCI	Assets — HK\$1,381,759,000	Assets — HK\$1,293,194,000	Level 2	Discounted cashflow method The Key input is market interest rate.
Structured foreign currency forwards	Liability — HK\$480,000	Liability — HK\$89,000	Level 3	Monte Carlo Simulation Method The key inputs are spot exchange rate on the date of valuation, strike rate, time to maturity, notional amount, payout amount for each settlement, risk-free rate of USD against HKD and the average implied volatility of the exchange rate as at valuation date

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2020

19. CONTINGENT LIABILITIES

- (i) During the year ended 31 December 2018, a non-wholly owned subsidiary of the Company is a defendant in several legal actions in the PRC in respect of the claims for infringement of the claimant's patents. The claims against the non-wholly owned subsidiary are approximately RMB151.5 million in aggregate.

On 30 December 2019 and 3 March 2020, the Company has received notices from the relevant court with court decisions of the civil complaints being turned down and no compensation is required to be paid by the Group.

- (ii)

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Corporate guarantee given by the Group for bank borrowings granted to:		
An associate	1,578,099	1,893,806
and utilised by:		
An associate	1,484,562	1,800,204

In addition, at 30 June 2020, the other shareholder of an associate provided corporate guarantee to the above bank borrowings in proportion to its respective ownership interest amounting to approximately HK\$782 million (31 December 2019: HK\$792 million). A counter-indemnity in favour of the other shareholder is executed pursuant to which the Group undertakes to indemnify the other shareholder 23.5% (31 December 2019: 23.5%) of the liabilities arising from the bank borrowings.

The bank borrowings were secured by the associate's property, plant and equipment and the Directors assess the exposure of the corporate guarantee at the end of reporting period is insignificant. It is not likely that any guaranteed amount will be claimed by the counterparties and the fair value of the corporate guarantee is not significant.

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 liquid crystal display products including touch panel products and electronic consumer products including compact camera module, fingerprint identification modules, personal health care products and electrical devices.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2020 (the "Period") was approximately HK\$10,332 million, representing an increase of approximately 0.9% or approximately HK\$92 million when compared with the corresponding period of 2019. The slight revenue growth in the Period is mainly attributable the revenue growth of non-smartphone related products' businesses when compared to the corresponding period of 2019.

Gross Profit and Margin

The Group's gross profit for the Period was approximately HK\$943 million and the gross profit margin was approximately 9.1%, which was approximately 3.4% and 0.4% lower than that for the corresponding period of 2019 respectively. The slight decrease in gross profit margin was mainly because of the continued keen competition in the smartphone related products' businesses.

Other Income

The Group's other income for the Period was approximately HK\$80.3 million, representing an increase of approximately 7.2% or approximately HK\$5.4 million when compared with the corresponding period of 2019.

Other Gains or Losses

The Group's other gains or losses for the Period was approximately HK\$59.8 million net other losses (2019 H1: approximately HK\$83.1 million). The decrease in net other losses in the Period was mainly because of decreasing of loss on disposal of property, plant and equipment.

Distribution and Selling Expenses

The Group's distribution and selling expenses for the six months ended 30 June 2020 decreased by approximately 14.8% or approximately HK\$35.8 million to approximately HK\$205.3 million when compared to the corresponding period of 2019. The decrease in distribution and selling expenses in the Period was mainly because the air freight charges have been reduced and the goods were delivered by air have been reduced.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Profit for the Period Attributable to Owners of the Company

The profit for the Period attributable to owners of the Company was increased to approximately HK\$299.7 million by approximately 1.1 times when compared to the corresponding period of 2019. It was mainly because the financial results for the Period of the major associate, Truly (Huizhou) Smart Display Limited (信利(惠州)智能顯示有限公司) of the Group has been significantly improved when compared to the corresponding period of 2019. Thus, share of profit from associates in the Period has been improved to approximately HK\$3.6 million from share of loss from associates in the corresponding period of 2019 (approximately HK\$146.1 million).

BUSINESS REVIEW

During the period for the six months ended 30 June 2020 (the "Period"), the global economy has been significantly affected by the raging COVID-19 pandemic and the US Sino trade and political frictions. It was very difficult situations to all businesses, particular for the countries lockdown and other measures to control the spread of COVID-19. Thus, people has increased to rely on using smartphone and internet. Accordingly, the 5G network establishment and 5G smartphone launching have been accelerating during the Period, particular in China. Thus, smartphones industry was not affected too much during the Period.

According to the China Academy of Information and Communications Technology, the domestic mobile phone market shipment was 153 million units during the Period, representing a decrease of 17.7% when compared to the corresponding period of 2019. 63.6 million units of 5G mobile phone was shipped in the domestic market during the Period, it represented 41.5% of the domestic mobile phone market shipment during the Period. Besides, the number of new model of mobile phone launched in the Period was decreased by 12.2% to 216 new models when compared to the corresponding period of 2019. Therefore, the competition in mobile phone market was still very keen during the Period.

Under these very difficult and challenging situations, the Group has recorded approximately 1% drop in the revenue from smartphone related products' businesses during the Period when compared to the corresponding period of 2019. For the non-smartphone related products' businesses, the Group has sustained revenue growth (approximately 5%) during the Period when compared to the corresponding period of 2019. Therefore, the product mix of the Group's revenue was slightly improved during the Period when compared to the corresponding period of 2019. The Group's unaudited revenue has been slightly increased to approximately HK\$10,332 million by approximately 0.9% in the Period when compared to the corresponding period of 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

The revenue of the LCD products segment of the Group increased in the Period by 0.6% when compared to the corresponding period of 2019. The revenue of the electronic consumer products segment of the Group has increased by 1.6% in the Period when compared to the corresponding period of 2019.

The financial performance of the major associate, Truly (Huizhou) Smart Display Limited* (信利(惠州)智能顯示有限公司) ("Truly Huizhou"), has been turned to profit in the Period from loss in the corresponding period of 2019. It was the results of adopting the right production strategy and sales strategy to concentrate in smart wearing products for its AMOLED panel production since late 2018.

OUTLOOK

Global economic environment will be very challenging and difficult in the second half of 2020 because the COVID-19 pandemic would possibly continue. Besides, the US Sino trade and political frictions is also a long term event and it is not easy to be compromised in the second half of 2020.

However, the management would expect that the 5G mobile network establishment in China can be accelerated in the second half of 2020 and 2021. It is expected that more new 5G mobile models would be launched and shipped in the second half of 2020. It can attract the consumers to buy a new 5G smartphone to replace their 4G/3G smartphone in order to enjoy the high speed mobile network for entertainment. It is positive to the smartphone related products' businesses of the Group in the second half of 2020 and 2021.

Besides, the fifth generation TFT-LCD production in Shanwei factory entered mass production during the Period. It can support the continuous growth of the non-smartphone related products' businesses. On the whole, the management is still confident to achieve the revenue growth target in 2020. The Group would continue to enhance its research and development capacity to support its customers' new products development.

The management would expect that Truly Huizhou can continue to contribute the Group in the second half of 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OUTLOOK (continued)

Proposed Spin-off Update

The management is still considering to submit a new application to CSRC within 2020 after the application not approved by the Public Offering Review Committee of CSRC in January 2019. Further announcement will be made by the Company as and when appropriate in compliance with the Listing Rules.

SIGNIFICANT INVESTMENTS, ACQUISITIONS, ASSETS AND LIABILITIES

Update on investment in a major associate — Truly Huizhou

Truly Huizhou has turned to profit of approximately HK\$21 million in the Period (2019 H1: loss of approximately HK\$231 million), which 59.7039% shared by the Group for the Period. It was significantly improved when compared to the corresponding period of 2019, which is mainly because the management's appropriate change of production strategy and sales strategy to focus on AMOLED wearable products application. The management expected that Truly Huizhou could sustain its operating profit in the second half of 2020.

For the bank loans obtained by Truly Huizhou under the full guarantee provided by the Group in November 2015, the associate has started to repay by semi-annually instalments in November 2017. As at 30 June 2020, the relevant syndicated loan amount of Truly Huizhou under the Group's corporate guarantee has been reduced to approximately HK\$1.5 billion.

Update on the 5th generation TFT-LCD Production Plant in Shanwei

The 5th generation TFT-LCD production plant in Shanwei has been entered in the mass production period in the Period. This TFT-LCD production plant has started to contribute to the Group since this TFT-LCD production plant has been verified by the Group's major customers in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

SIGNIFICANT INVESTMENTS, ACQUISITIONS, ASSETS AND LIABILITIES (continued)

Litigation update in relation to Investment in Leshi Zhixin Electronic Technology (Tianjin) Limited*

In February 2017, Truly Electronics Manufacturing Limited (信利電子有限公司) (“Truly Electronics”), an indirectly wholly-owned subsidiary of the Company, entered into an investment agreement, pursuant to which Truly Electronics conditionally agreed to acquire in an aggregate of 2.3438% equity interest in Leshi Zhixin Electronic Technology (Tianjin) Limited* (樂視致新電子科技(天津)有限公司) (“Leshi Zhixin”) at a consideration of RMB720,000,000. The first instalment of the consideration in the amount of RMB240 million was paid in March 2017. Subsequently, as the Company’s management considered that a condition of the relevant investment agreement has been breached by Leshi Zhixin and/or Leshi Holding (Beijing) Co., Ltd.* (樂視控股(北京)有限公司) (“Leshi Holding”), Truly Electronics suspended the payment of the remaining instalments of the consideration in the amount of RMB480 million and terminated the said investment agreement in July 2017. In August 2017, Truly Electronics (as plaintiff) filed a civil complaint against Leshi Zhixin and Leshi Holding (as defendants) to seek rectification of the breach by Leshi Zhixin and Leshi Holding and refund of the first instalment of RMB240 million paid by Truly Electronics. For further details, please refer to the Company’s announcements dated 29 August 2017, 23 March 2018, the 2018 Annual Report and the 2019 Annual Report of the Company.

The Group has been informed by the Group’s PRC lawyer that a decision letter issued by the court of first instance has been received in early November 2019, which the court of first instance decided to turn down the Group’s civil complaint in relation to the dispute on the investment agreement. Subsequently, the Group has lodged an objection to the high court in Beijing on 15 November 2019 and the Group is waiting for the hearing by the Beijing High Court.

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

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

SIGNIFICANT INVESTMENTS, ACQUISITIONS, ASSETS AND LIABILITIES (continued)

Update on 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 and has been entered partially trial run in 2019. The full installation of the machineries would be completed in 2020 and the full trial production of the factory would be started in late 2020 or early 2021 by the management’s estimation.

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.

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 2020. For detail of it, please refer to the announcement of the Company, Further Delay in Dispatch of Circular in Relation to A Major Transaction for the Formation of the AMOLED JV Company, dated 29 May 2020.

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

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

LIQUIDITY AND FINANCIAL RESOURCES

The Group's assets have been increased by approximately HK\$127.3 million and liabilities have been decreased by approximately HK\$50.3 million during the Period.

As at 30 June 2020, the outstanding lease liabilities, bonds payable and bank and other borrowings, net of restricted bank deposits, cash and bank balances, were approximately HK\$4,928 million (31 December 2019: approximately HK\$5,657 million). It was decreased by approximately 13% or HK\$729 million when compared to these net borrowings as at 31 December 2019. These borrowing 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 2020, the Group had net current liabilities of approximately HK\$2,591 million (as at 31 December 2019, net current liabilities of approximately HK\$3,840 million) and its current ratio increased to 0.82 times as at 30 June 2020 from 0.74 times as at 31 December 2019. The major reason for the decrease in net current liabilities position as at 30 June 2020 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 2020, the Group has restricted bank deposits, cash and bank balances approximately HK\$1,180 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 60%, which has decreased from 70% at 31 December 2019.

New Club Loan for Refinancing

On 9 April 2020, Truly Semiconductors Limited, a wholly-owned subsidiary of the Company, entered into a facility agreement with specific performance covenants and the committed amount of HK\$1.52 billion. For detail of it, please refer to the announcement of the Company dated 9 April 2020.

The new club loan with the committed amount of HK\$1.52 billion has been fully withdrawn in June 2020 and the Group has utilized this loan amount plus internal financial resources to fully repay the outstanding syndicated loan balance of HK\$2.25 billion on schedule in June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

LIQUIDITY AND FINANCIAL RESOURCES (continued)

Capital Commitments

At 30 June 2020, the Group's contracted capital commitments for the acquisition of property, plant and equipment were approximately HK\$473 million (approximately HK\$400 million at 31 December 2019) and will be financed principally from internal reserves and bank loans.

Contingent Liabilities

- (1) At 30 June 2020, the Group has given corporate guarantee for certain bank borrowings granted to the associate, Truly Huizhou, with the borrowing limit at approximately HK\$3.33 billion (31 December 2019: approximately HK\$3.37 billion) and the bank loans with the amount of approximately HK\$1.48 billion (31 December 2019: approximately HK\$1.80 billion) were utilised by the associate.

Besides, at 30 June 2020, the other shareholder of the associate provided corporate guarantee to the above bank borrowings in proportion to its respective ownership interest amounting to approximately HK\$782 million (31 December 2019: approximately HK\$792 million). A counter-indemnity in favour of the other shareholder is executed pursuant to which the Group undertakes to indemnify the other shareholder approximately 23.5% (31 December 2019: approximately 23.5%) of the liabilities arising from the bank borrowings.

The directors assess the risk of default of the associate at the end of reporting period and consider the risk to be insignificant and it is less likely that any guaranteed amount will be claimed by the counterparties.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

LIQUIDITY AND FINANCIAL RESOURCES (continued)

Contingent Liabilities (continued)

- (2) Furthermore, the Company has received three notices of response to action from the Court according to which, on 31 October 2018, 6 November 2018 and 7 November 2018, the Claimant, Shenzhen Goodix Technology Co., Ltd. (深圳市匯頂科技股份有限公司) filed three civil complaints (the “Civil Complaints”) against the Defendants including a non wholly owned subsidiary of the Company, namely, Truly Opto-Electronics Limited* (信利光電股份有限公司) (as 2nd defendant) (“Truly Opto”, together with the 1st defendant and 3rd defendant in the Civil Complaint, the “Defendants”). The Claimant alleged that the acts of the Defendants such as production, sale and promise to sale of optical fingerprint identification modules, lens components and chips without authorization from the Claimant caused an infringement upon the Claimant’s patents.

In each of the Civil Complaints, the Claimant sought a judgment from the Court to order that:

- (i) the Defendants shall immediately cease all acts of patent infringement including but not limited to ceasing production, sale and promise to sale of all products which are subject to the alleged infringement;
- (ii) the Defendants shall immediately destroy the abovementioned products;
- (iii) Truly Opto and the 1st defendant shall be jointly liable for compensating the economic loss suffered by the Claimant in the sum of RMB50,000,000 (three civil complaints in aggregate of RMB150 million), and the reasonable expenses incurred by the Claimant in seeking an injunction against the infringement acts in the sum of RMB500,000 (three civil complaints in aggregate of RMB1,500,000); and
- (iv) the Defendants shall be liable for the litigation expenses in relation to the Civil Complaint.

For details of these three litigations, please refer to the Announcements of the Company dated 20 November 2018 and 13 December 2018.

The Three Civil Complaints were turned down by the decisions of the relevant court on 30 December 2019 and 3 March 2020 respectively. Therefore, the Group need not pay any compensation to the Claimant. For detail of it, please refer to the announcements of the Company dated 18 February 2020 and 4 March 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

LIQUIDITY AND FINANCIAL RESOURCES (continued)

Material Acquisitions and Disposals

Save as disclosed in this report, the Group had no acquisitions or disposals of subsidiaries and associated companies for the Period.

General

The state of the Group's current order books is strong. As at 30 June 2020, the Group had no pledge or mortgage on its fixed assets.

There are approximately 18,000 workers and employees currently employed in the Group's Shan Wei factories and around 100 staff in our Hong Kong office. Total staff costs for the Period were approximately HK\$781 million.

Exposure to fluctuations in exchange rates will be considered to hedge, if any. The remuneration policy was in line with current legislation, market conditions and both individual and company performance.

INTERIM DIVIDENDS

The Directors do not recommend the payment of second interim dividend for the six months ended 30 June 2020 (2019: Nil). None of the first interim dividend was declared for the three months ended 31 March 2020, the total interim dividends were nil per share (2019: nil).

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2020, 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	43.84
	Held by spouse (note 1)	74,844,000	2.28
		1,516,696,000	46.11
Wong Pong Chun, James	Held by spouse (note 2)	1,650,000	0.05
Song Bei Bei	Beneficial owner	1,356,000	0.04
Dai Cheng Yun	Beneficial owner	202,000	0.01
Cheung Wing Cheung	Beneficial owner	566,000	0.02

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	647,360	0.1755
Wong Pong Chun, James	Beneficial owner	2,590,120	0.7024
Ma Wai Tong	Beneficial owner	396,100	0.1074
Cheung Wing Cheung	Beneficial owner	324,020	0.0879

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.

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 2020.

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 2020, 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 Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the six months ended 30 June 2020.

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, risk management 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 interim results of the Group for the six months ended 30 June 2020 has been reviewed by the Audit Committee

OTHER INFORMATION (continued)

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 2020, except for major deviations 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. 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.

— **Code Provision E.1.2**

The Chairman did not attend the annual general meeting of the Company held on 5 June 2020 due to remaining in Shanwai factory and the Group since February 2020.

— **Code Provision A.6.7**

Mr. Heung Kai Sing, an independent non-executive director of the Company was unable to attend the annual general meeting of the Company held on 5 June 2020 due to concern on COVID-19 infection.

PUBLICATIONS OF INTERIM RESULTS AND INTERIM REPORT

This 2020 interim results announcement and 2020 interim report are 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, 28 August 2020

* For identification purpose only