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# **TRULY®**

## **TRULY INTERNATIONAL HOLDINGS LIMITED**

### **信利國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00732)**

**PLACING OF NEW SHARES UNDER GENERAL MANDATE  
AND  
CONNECTED TRANSACTION  
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE  
INVOLVING CONNECTED PERSON**

**Placing Agents (in alphabetical order)**

**HSBC** 

**MIZUHO**  


#### **PLACING OF NEW PLACING SHARES**

On 12 September 2017, the Company entered into the Placing Agreement with the Placing Agents in relation to the Placing of new Placing Shares. Pursuant to the Placing Agreement, the Placing Agents have conditionally agreed with the Company to place, through the Placing Agents, on a best effort basis, 160,000,000 new Shares to not less than six Places at the Placing Price of HK\$2.02 per new Share. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 22 May 2017.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares represent (i) approximately 5.5% of the existing issued share capital of the Company; (ii) approximately 5.2% of the issued share capital of the Company as enlarged by the issue of the Placing Shares; and (iii) approximately 5.1% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and Subscription Shares.

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds of the Placing will be HK\$323.2 million. It is proposed that the net proceeds from the Placing will be used for general working capital and strengthening the equity capital of the Group.

The Placing is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

### **SUBSCRIPTION OF NEW SUBSCRIPTION SHARES**

On 12 September 2017, the Company entered into the Subscription Agreement with the Subscriber. Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 53,330,000 new Shares. The Subscription Shares will be issued at the Subscription Price which is equal to the Placing Price.

The Subscription Shares to be allotted and issued under the Subscription represents (i) approximately 1.8% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 1.8% of the issued share capital of the Company as enlarged by the Subscription Shares; and (iii) approximately 1.7% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the completion of the Placing other than as a result of the Subscription).

The Subscription Shares will be issued under the Specific Mandate. The aggregate gross proceeds of the Subscription will be approximately HK\$107.7 million. It is proposed that the net proceeds from the Subscription will be used for general working capital and strengthening the equity capital of the Group.

The Subscription is conditional upon, among others, (i) the Independent Shareholders at the EGM granting approval of the Subscription Agreement and the transactions contemplated thereunder, including the Specific Mandate; and (ii) the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

### **IMPLICATIONS UNDER THE LISTING RULES**

The Subscriber is the controlling shareholder and a director of the Company and therefore a connected person under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek approval at the EGM for the Subscription Agreement and the transactions contemplated thereunder. Save for the Subscriber and its associates, no other Shareholder has a material interest in the Subscription. As such, save for the Subscriber and its associates, no other Shareholder is required to abstain from voting on the resolution to approve the Subscription at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription Agreement. The Company has appointed Somerley as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The circular containing, among other things, further details of the Subscription Agreement, a letter of advice from the Independent Board Committee to the Independent Shareholders and a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement is expected to be despatched by the Company to the Shareholders on or before 4 October 2017.

## **GENERAL**

**The Placing and the Subscription are not inter-conditional on each other.**

**Shareholders and potential investors should note that the Placing and Subscription are subject to the fulfilment of the conditions under the Placing Agreement and Subscription Agreement respectively. As the Placing or the Subscription may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

### **The Placing Agreement**

**Date:** 12 September 2017

### **Parties**

**Issuer:** the Company

**Placing Agents:** the Placing Agents

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agents are, and the Placees will be, third parties independent of the Company and its connected persons, and not acting for or presumed to be acting in concert with the Subscriber.

### **Placing Shares**

The Placing Agents have conditionally agreed with the Company to severally place, either by themselves or through their sub-placing agents, on a best effort basis, to not less than six independent Placees up to 160,000,000 new Shares in total. It is expected that none of the Placing Agents nor any Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing save for the issue of the Placing Shares, the Placing Shares (on the assumption that all Placing Shares are fully placed) represent (i) approximately 5.5% of the existing issued share capital of the Company; (ii) approximately 5.2% of the issued share capital of the Company as enlarged by the issue of the Placing Shares; and (iii) approximately 5.1% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and Subscription Shares. The aggregate nominal value of the Placing Shares is HK\$3,200,000.

The Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

### **Placing Price**

The Placing Price represents:

- (i) a discount of approximately 12.9% to the closing price of HK\$2.32 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 13.5% to the average closing price of HK\$2.34 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 14.6% to the average closing price of HK\$2.37 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- (iv) a discount of 19.2% to the unaudited tangible net assets per share of the Group as at 30 June 2017 of HK\$2.50 per share.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agents and was determined with regard to the current trading price of the Shares and the business prospects of the Group.

The Directors consider that the Placing Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole under the current market conditions.

### **Conditions of the Placing**

Completion of the Placing is conditional upon the satisfaction of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares under the Placing Agreement).

In the event that the conditions of the Placing are not fulfilled on or before 12 noon (Hong Kong time) on the fourth Business Day after the date of the Placing Agreement (or such later date as may be agreed between the Company and the Placing Agents), the Placing Agreement shall terminate and the Placing Agents and the Company shall have no obligations or liabilities to each other under the Placing and neither the Company nor the

Placing Agents shall have any claim against the other for costs, damages, compensation or otherwise arising under the Placing Agreement save for antecedent breaches and liabilities under certain clauses of the Placing Agreement.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **Termination**

The Placing Agreement may be terminated by the Placing Agents:

- (a) if at any time prior to 8:00 a.m. (Hong Kong time) on the Closing Date:
  - (i) there develops, occurs or comes into force:
    - i. any matter or circumstance as a result of which any of the conditions of the Placing has become incapable of satisfaction as at the required time; or
    - ii. a moratorium, trading halt, suspension, restriction or limitation in trading in securities generally, or the establishment of minimum prices, on the New York Stock Exchange, the London Stock Exchange plc, the Stock Exchange and/or any other stock exchange on which the Company's securities are traded due to exceptional financial circumstances or otherwise at any time prior to the Closing Date; or
    - iii. a trading halt, suspension or limitation in dealings in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; or
    - iv. a declaration of a general moratorium or a disruption in commercial banking activities in the United States, United Kingdom, Hong Kong, the PRC, the European Union (or any member thereof) or a disruption in commercial banking or securities settlement or clearance services in the United States, United Kingdom, Hong Kong, the PRC or the European Union (or any member thereof); or
    - v. a change or development involving a prospective change in or affecting taxation or exchange or currency control (or the implementation of any exchange or currency control) or currency exchange rates in the PRC, Hong Kong or any other place in which any member of the Group conducts or carries on business; or
    - vi. any new laws, rules, statutes, ordinances, regulations, guidelines or circulars (in each case, to the extent mandatory or, if not complied with, the basis for legal or regulatory consequences), orders judgements, decrees or rulings of any governmental authority (the "**Laws**") are implemented or there are any changes or developments involving prospective changes in existing Laws or in the interpretation or application thereof by any court or other competent authority in Hong Kong or the PRC or any other place in which any member of the Group conducts or carries on business; or

- vii. any significant change in (whether or not permanent) local, national or international financial, political, economic, military, industrial, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls (including without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States) in or affecting Hong Kong, the United States, the United Kingdom, the European Union (or any member thereof) or the PRC; or
  - viii. any event or circumstance or series of events or circumstances (including without limitation the occurrence of any local, national or international outbreak or escalation of disaster or hostilities (whether or not war is or has been declared), riot, earthquake, public disorder, civil commotion, fire, flood, explosion, outbreak of an infectious disease, calamity, crisis, strike, lock-out, insurrection, armed conflict, act of terrorism (whether or not responsibility has been claimed), act of God or epidemic); or
  - ix. any event, act or omission occurs which gives or is likely to give rise to any liability of the Company pursuant to the indemnities contained in the Placing Agreement; or
  - x. an authority or a political body or organisation in any relevant jurisdiction commences any investigation or other action, or announces an intention to investigate or take other action, against any member of the Group or any of their respective directors; or
- (ii) the fact that any of the agreements, representations, warranties and undertakings by the Company set out in the Placing Agreement is untrue, inaccurate or misleading or has been breached in any respect comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date hereof and prior to 8:00 a.m. (Hong Kong time) on the Closing Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such agreements, representations, warranties and undertakings untrue, inaccurate or misleading in such a manner as would in the opinion of the Placing Agents, materially and adversely affect the financial position or business of the Company and/or the Group as a whole or is or would be materially adverse to the success of the Placing, or there has been a breach of, or failure to perform, on the part of the Company of any other provision of the Placing Agreement; or
- (iii) there is any such adverse change or a development involving a prospective adverse change in the general affairs, results of operations, prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or the Group as a whole which in the opinion of the Placing Agents are materially adverse to the success of the Placing; or
- (b) at any time by notice in writing to the Company if any of the Placing Shares are not delivered by or on behalf of the Company in accordance with the terms of the Placing Agreement.

In the event that the Placing Agents terminate the Placing Agreement in accordance with (a) or (b) above, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for (i) any antecedent breach of any obligation under the Placing Agreement; and (ii) liabilities under certain clauses of the Placing Agreement.

The Board is not aware of the occurrence of any events which would give rise to the termination rights referred to in item (a) above.

### **Completion of the Placing**

Completion of the Placing is expected to take place on the Closing Date or as soon as practicable thereafter or such other time and/or date as the Company and the Placing Agents may agree in writing.

### **Undertakings by the Company**

The Company undertakes to the Placing Agents that for a period of six months from the completion date of the Placing, the Company will not, except for the issue of the Placing Shares and the Subscription Shares and save pursuant to (1) the terms of any employee share option scheme of the Company which is in place as at the date of the Placing Agreement or (2) any outstanding subscription warrants in issue prior to the date of the Placing Agreement or (3) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association or (4) conversion of outstanding convertible bonds in issue prior to the date of the Placing Agreement, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Placing Agents.

### **General Mandate**

The Placing Shares will be issued under the General Mandate granted by the Shareholders to the Directors pursuant to the resolution passed at the annual general meeting of the Company held on 22 May 2017. On the date of the annual general meeting, the Company had 2,907,099,398 Shares in issue, and the General Mandate granted to the Directors was to issue up to 581,419,879 Shares, representing 20% of the number of shares of the Company in issue as at the date of the passing of the resolution.

As at the date of this announcement, no Shares have been issued pursuant to such General Mandate, and the Company has not repurchased any Shares in the 30 days immediately preceding the date of the Placing Agreement.

The issue of the Placing Shares is not subject to Shareholders' approval.

Upon the completion of the Placing (on the assumption that all Placing Shares are fully placed), the Company will have an unused General Mandate to issue up to 421,419,879 Shares.

## **SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

### **The Subscription Agreement**

**Date:** 12 September 2017

### **Parties**

- (A) the Company; and
- (B) the Subscriber.

### **Subscription Shares**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price.

The Subscription Shares represent (i) approximately 1.8% of the issued share capital of the Company as at the date of the Subscription Agreement; (ii) 1.8% of the issued share capital of the Company as enlarged by the Subscription Shares; and (iii) 1.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and Placing Shares.

Based on the closing price of the Shares of HK\$2.32 per Share on 11 September 2017, the Subscription Shares have a market value of HK\$123,725,600, and the aggregate nominal value of the Subscription Shares is HK\$1,066,600.

### **Subscription Price**

The Subscription Price is the same as the Placing Price and represents:

- (a) a discount of approximately 12.9% over the closing price of HK\$2.32 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 13.5% over the average closing price per Share of HK\$2.34 for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 14.6% over the average closing price per Share of HK\$2.37 for the last 10 consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of 19.2% to the unaudited tangible net assets of the Group as at 30 June 2017 of HK\$2.50 per Share.



The Subscription Price was set by reference to the Placing Price, which was the subject of arm's length negotiations between the Company and the Placing Agents with regard to the recent trading performance of the Shares and the business prospects of the Group. The Directors (excluding the Independent Board Committee who will give their view on the Subscription after taking into account the advice of the Independent Financial Adviser) consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Lock-up undertakings**

The Subscriber undertakes to and covenants with the Company that, unless in compliance with the requirements of the Listing Rules, the Subscriber shall not, in the period commencing on the completion date of the Subscription and ending on the date which is 6 months from the completion date of the Subscription, dispose of, or enter into any agreement to dispose of or otherwise create any encumbrances in respect of, any of the Subscription Shares.

### **Payment terms**

The Subscriber shall pay the total consideration HK\$107,726,600 for the subscription of the Subscription Shares through either bank wire transfer or cheque on the date of completion of the Subscription.

### **Conditions to Subscription**

Completion is conditional upon the following conditions being fulfilled or waived (as the case may be):

- (a) the passing of the resolution(s) at the EGM by the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate to the Directors to allot and issue the Subscription Shares;
- (b) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares on the main board of the Stock Exchange and such permission not having been revoked or withdrawn;
- (c) the Company not having received written notice from the Stock Exchange indicating that the listing of the Shares on the Stock Exchange would be suspended, revoked or withdrawn immediately after completion due to the Subscription Agreement and/or the transactions contemplated thereunder;
- (d) In addition to condition (b) above, the Company having obtained each necessary consent, permit, approval, registration, filing, notice, confirmation, authorisation or waiver (including but not limited to those provided by the Hong Kong Securities and Futures Commission, the Stock Exchange or any other third party (if applicable)) in relation to the Subscription Agreement and/or the transactions contemplated thereunder, and such consent, permit, approval, registration, filing, notice, confirmation, authorisation or waiver not having been revoked or withdrawn;

- (e) the representations, warranties and undertakings given by the Company under the Subscription Agreement remaining true and accurate in all material respects;
- (f) the Company having fulfilled its obligations under the Subscription Agreement in all material respects;
- (g) the representations, warranties and undertakings given by the Subscriber under the Subscription Agreement remaining true and accurate in all material respects; and
- (h) the Subscriber having fulfilled its obligations under the Subscription Agreement in all material respects.

If any of the conditions is not fulfilled or waived (as applicable) on or before the long stop date of 31 October 2017, the Subscription Agreement shall lapse and all the rights and obligations under the Subscription Agreement shall cease, save for any rights or obligations which may accrue prior to the date of such lapse.

### **Completion of the Subscription**

Subject to the conditions having been fulfilled or waived (as applicable), completion of the Subscription will take place on the third (3rd) Business Day following the day on which the last of conditions has been fulfilled or waived (or such other date as may be agreed by the Company and the Subscriber in writing).

On the date of completion of the Subscription, the Subscriber shall pay to the Company the total consideration of HK\$107,726,000 for the subscription of the Subscription Shares and the Subscription Shares shall be allotted and issued to the Subscriber free from all encumbrances and ranking pari passu among themselves (and shall rank in full for dividends and other distributions declared or paid thereafter) and with the Shares then in issue, and the Placing Shares.

### **Specific mandate to issue the Subscription Shares**

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

### **BACKGROUND OF THE COMPANY AND THE SUBSCRIBER**

The principal business activities of the Company are the manufacture and sale of liquid crystal display products and electronic consumer products.

The Subscriber is the controlling shareholder, Chairman and Managing Director of the Company. He is the founder of the Group and has over 40 years of experience in the electronics industry. He is primarily responsible for the formulation of the Group's overall strategic plans and business development.

Based on the information made available to the Company, the Subscriber is interested in 41.96% of the issued capital of the Company and is deemed to be interested in 2.57% of the issued capital of the Company, being the interests held beneficially by his spouse, Chung King Yee, Cecilia.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Subscriber is a controlling shareholder and a director of the Company and therefore a connected person under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek approval at the EGM for the Subscription Agreement and the transactions contemplated thereunder. Save for the Subscriber and its associates, no Shareholder has a material interest in the Subscription. As such, save for the Subscriber and its associates, no Shareholder is required to abstain from voting for the resolution to approve the Subscription at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription Agreement. The Company has appointed Somerley as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The circular containing, among other things, further details of the Subscription Agreement, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement is expected to be despatched by the Company to the Shareholders on or before 4 October 2017.

## **APPLICATION FOR LISTING**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Placing Shares on the main board of the Stock Exchange.

## **EFFECT ON THE SHAREHOLDING OF THE COMPANY**

As at the date of this announcement, the Company has 2,907,099,398 Shares in issue.

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately following the completion of the Placing (assuming no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, that all Placing Shares are fully placed, and that the Subscription does not proceed); (iii) immediately following the completion of the Subscription (assuming no change in the issued share capital of the Company since the date of this announcement and the completion of the Subscription and that the Placing does not

proceed); and (iv) immediately following the completion of both the Placing and the Subscription (assuming no change in the issued share capital of the Company since the date of this announcement other than the completion of the Placing and the Subscription and that all Placing Shares are fully placed):

Shareholders	Shareholding as at the date of this announcement		Shareholding upon completion of the Placing (assuming the Subscription does not proceed)		Shareholding upon completion of the Subscription (assuming the Placing does not proceed)		Shareholding upon completion of both the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Subscriber	1,219,722,000	41.96	1,219,722,000	39.77	1,273,052,000	43.00	1,273,052,000	40.80
Spouse of Subscriber <sup>(1)</sup>	74,844,000	2.57	74,844,000	2.44	74,844,000	2.53	74,844,000	2.40
Placees	—	—	160,000,000	5.22	—	—	160,000,000	5.13
Public shareholders	<u>1,612,533,398</u>	<u>55.47</u>	<u>1,612,533,398</u>	<u>52.57</u>	<u>1,612,533,398</u>	<u>54.47</u>	<u>1,612,533,398</u>	<u>51.67</u>
Total	<u>2,907,099,398</u>	<u>100</u>	<u>3,067,099,398</u>	<u>100</u>	<u>2,960,429,398</u>	<u>100</u>	<u>3,120,429,398</u>	<u>100</u>

(1) The Subscriber is deemed to be interested in 74,844,000 ordinary shares of the Company, being interests held beneficially by his spouse.

## FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not carried out any other capital raising activities during the 12 months immediately preceding the date of this announcement.

## REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The net proceeds from the Subscription and the Placing will mainly be used for general working capital of the Group and to enhance the Group's equity capital to rectify its breach of financial covenants on 30 June 2017 under various bank loan agreements.

### Reasons for the Placing

As disclosed in the Company's announcement of Interim Results 2017 released on 30 August 2017, a financial covenant in relation to a net debt ratio of the Group as at 30 June 2017 was breached based on the Group's statement of financial position as at 30 June 2017. The major reason for the breach was a full provision taken against an account receivable involving a net write-off (after expected credit insurance compensation) of HK\$414 million. Waivers of such breach have already been obtained by the Company from the relevant lenders.

Through the raising of new equity capital from the gross proceeds of the Placing, which is expected to be in the amount of approximately HK\$323.2 million, the Group expects that it will be in the position to rectify its breach of financial covenant on 30 June 2017 under various banking facilities by strengthening the Group's total equity capital. The financial

covenants will be tested again based on the Group's financial position as at 31 December 2017 (once available). The Board is taking measures to assure shareholders and lenders that an adequate buffer exists to mitigate the risk of any future breach.

### **Reasons for the Subscription**

The Subscriber, being the Chairman of the Company, would like, through the Subscription, to support the Company financially as well as demonstrate to the Company's lenders, other Shareholders and potential investors as a whole that the Subscriber is confident of the future prospects of the Group. For this purpose, the Subscriber has agreed with the Company to inject approximately HK\$107.7 million through subscription of the Subscription Shares and has further agreed to a lock-up of the Subscription Shares for 6 months after issue.

The Company expects the Subscription will further strengthen the Group's financial position in addition to the completion of the Placing. Combined with the proceeds of the Placing, the Subscription can also in effect compensate for the one-off provision for bad and doubtful debts (after deducting the expected insurance compensation) owed by Lemobile Information Technology (Beijing) Co., Ltd. to the Company, which was announced in the Group's Interim Results for the six months ended 30 June 2017 on 30 August 2017.

In the circumstances, the Board considers that the Placing and the Subscription, compared to say a rights issue or open offer, is the preferred financing method for the Group taking into account the time and procedures needed for each of the financing options. Debts were not appropriate due to additional gearing.

**The Placing and the Subscription are not inter-conditional on each other.**

**Shareholders and potential investors should note that the Placing and Subscription are subject to the fulfilment of the conditions under the Placing Agreement and Subscription Agreement respectively. As the Placing or the Subscription may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

### **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associate(s)”	has the meaning ascribed thereto it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any day (excluding Saturday and Sunday) on which commercial banks generally are open for business in Hong Kong;

“Closing Date”	the later of: (a) the sixth Business Day after the date of the Placing Agreement; and (b) the next Business Day after the date on which the conditions to the Placing are satisfied, or any other earlier or later date as the Company and the Placing Agents may agree in writing;
“Company”	Truly International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“connected persons”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	director(s) of the Company from time to time;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Subscription;
“General Mandate”	the general mandate granted to the Board pursuant to the ordinary resolution passed by the Shareholders at the annual general meeting held on 22 May 2017 to allot, issue and deal with Shares up to 20% of the then issued share capital of the Company (being 2,907,099,398 Shares) as at the date of passing such resolution, which is equivalent to 581,419,879 Shares;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 9 (asset management) regulated activities as defined under the SFO, and a licensed bank under the Banking Ordinance (Chapter 155 of the laws of Hong Kong);
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the Subscription Agreement and transactions contemplated thereunder;

“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription;
“Independent Shareholder(s)”	Shareholders other than (1) the Subscriber and its associates; and (2) those who have a material interest in the Subscription or are required by the Listing Rules to abstain from voting on the resolution approving the Subscription, the allotment and issue of the Subscription Shares and other transactions contemplated under the Subscription Agreement;
“Last Trading Day”	11 September 2017, being the last trading day for the Shares before the date of the Placing Agreement;
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mizuho”	Mizuho Securities Asia Limited, a registered institution under the SFO registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO;
“Placee(s)”	professional, institutional and other investors selected and procured by or on behalf of a Placing Agent as contemplated by the Placing Agreement;
“Placing”	the placing of Placing Shares pursuant to the terms of the Placing Agreement;
“Placing Agents”	HSBC and Mizuho, and each, a “Placing Agent”;
“Placing Agreement”	a conditional placing agreement entered into between the Company and the Placing Agents dated 12 September 2017 in relation to the Placing;
“Placing Price”	HK\$2.02 per Placing Share;
“Placing Share(s)”	up to 160,000,000 Shares to be placed pursuant to the terms of the Placing Agreement;
“PRC”	the People’s Republic of China, excluding, for the purposes of the Placing Agreement, Hong Kong, Macau and Taiwan;

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Share(s)”	ordinary shares of HK\$0.02 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Specific Mandate”	the specific mandate for the allotment and issue of the Subscription Shares, which is subject to approval by the Independent Shareholders voting by way of poll at the EGM;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Mr. Lam Wai Wah, the Chairman and Managing Director of the Company, being a controlling shareholder of the Company;
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 12 September 2017 entered into between the Subscriber and the Company;
“Subscription Price”	HK\$2.02 per Subscription Share, which is the same as the Placing Price;
“Subscription Shares”	53,330,000 Shares to be subscribed and allotted pursuant to the terms of the Subscription Agreement;
“%”	per cent.

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

Hong Kong, 12 September 2017

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