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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)

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF TRULY SHANWEI
ON THE SHENZHEN STOCK EXCHANGE
AND
POSSIBLE MAJOR TRANSACTION
IN RELATION TO
DEEMED DISPOSAL OF INTEREST IN TRULY SHANWEI**

PROPOSED SPIN-OFF

Reference is made to the announcements of the Company dated 22 March 2016 and 4 July 2016 on the Proposed Spin-off by way of a separate listing of Truly Shanwei, a non-wholly-owned subsidiary of the Company, on the Shenzhen Stock Exchange.

As at the date of this announcement, the Company indirectly controlled approximately 85.42% of shareholding interest in Truly Shanwei. In connection with the Proposed Spin-off, it is proposed that Truly Shanwei will issue certain number of new A shares on the Shenzhen Stock Exchange by way of initial public offering to the public in the PRC, or other methods as approved by the CSRC. It is proposed that Truly Shanwei will issue 60,000,001 to 80,000,000 new A shares, representing approximately 15% to 19.05% of the total number of issued shares of Truly Shanwei as enlarged by the Proposed Spin-off. The offer price and the actual number of new A shares to be issued by Truly Shanwei will be subject to the market conditions and the relevant rules and regulations of the CSRC as amended from time to time. It is expected that immediately upon completion of the Proposed Spin-off, the Company will indirectly control approximately 69.15% to 72.61% of shareholding interest in Truly Shanwei, and therefore Truly Shanwei will remain as a non-wholly-owned subsidiary of the Company.

APPLICATION TO CSRC AND THE HONG KONG STOCK EXCHANGE

Truly Shanwei has submitted its application with the CSRC for a separate listing of its shares by way of A Shares listing on the Shenzhen Stock Exchange and CSRC has accepted the said application on 21 March 2016. Such application is still pending the approval from CSRC. Taking into account of the normal vetting process of the PRC regulators, the Directors expect that the Proposed Spin-off may take place by 2018.

The Company has submitted a proposal in relation to the Proposed Spin-off to the Hong Kong Stock Exchange for approval pursuant to Practice Note 15 of the Listing Rules, and the Hong Kong Stock Exchange confirmed that the Company may proceed with the Proposed Spin-off and also granted a waiver from strict compliance with the applicable requirements in relation to the assured entitlement under paragraph 3(f) of Practice Note 15 of the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

In connection with the Proposed Spin-off, it is proposed that Truly Shanwei will issue new shares, and the proposed issue of new shares of Truly Shanwei will result in a reduction of the Company's equity interest in Truly Shanwei, and if materialized, the Proposed Spin-off will constitute a deemed disposal of the Company's equity interest in Truly Shanwei under Rule 14.29 of the Listing Rules.

Based on the market capitalization of the Company as at the date of this announcement, certain percentage ratio for the deemed disposal of the Company's equity interest in Truly Shanwei is more than 25% but less than 75% and the Company expects that, if there is no material change in the market capitalization of the Company, the Proposed Spin-off constitutes a major transaction of the Company, and is subject to reporting, announcement, circular and shareholders' approval requirements under paragraph 3(e)(1) of Practice Note 15 and Chapter 14 of the Listing Rules.

The Company intends to re-comply with the relevant requirements for notifiable transaction in accordance with Chapter 14 of the Listing Rules if the actual gross proceeds raised from the Proposed Spin-off exceed the estimate maximum gross proceeds referred herein in such amount that the Proposed Spin-off constitutes a very substantial disposal of the Company.

EGM

The Company will seek approval at the EGM for the Proposed Spin-off. As far as the Directors are aware, none of the Shareholders has a material interest in the Proposed Spin-off which is different from those of other Shareholders. As such, no Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Proposed Spin-off at the EGM.

A circular including among other things, (1) information on the Proposed Spin-off and the waiver application in respect of the assured entitlement; (2) the financial information of Truly Shanwei; (3) the unaudited financial information of the Remaining Group; (4) the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser regarding the Proposed Spin-off; and (5) a notice of the EGM, will be despatched to the Shareholders on or around 8 November 2017.

Shareholders and potential investors of the Company should note that the Proposed Spin-off will be subject to, among other things, obtaining all applicable regulatory approvals from the CSRC and suitable market conditions, thus may or may not materialize. Accordingly, Shareholders and public investors are advised to exercise caution when dealing in the shares of the Company.

INTRODUCTION

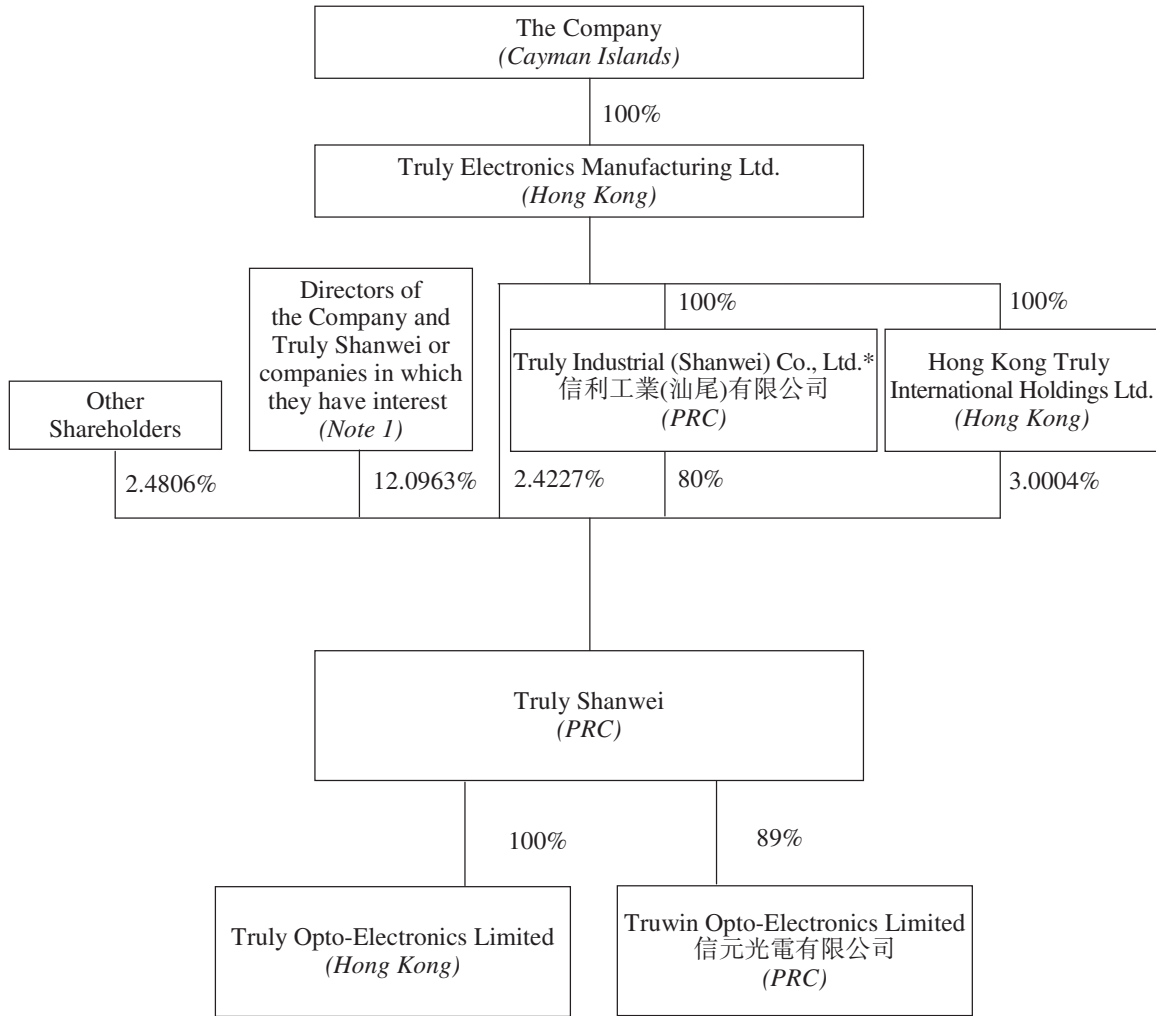
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PROPOSED SPIN-OFF

Corporate structures of Truly Shanwei before and after the Proposed Spin-off

As at the date of this announcement, the Company indirectly controlled approximately 85.42% of shareholding interest in Truly Shanwei. In connection with the Proposed Spin-off, it is proposed that Truly Shanwei will issue certain number of new A shares on the Shenzhen Stock Exchange by way of initial public offering to the public in the PRC, or other methods as approved by the CSRC. It is proposed that Truly Shanwei will issue 60,000,001 to 80,000,000 new A shares, representing approximately 15% to 19.05% of the total number of issued shares of Truly Shanwei as enlarged by the Proposed Spin-off. The offer price and the actual number of new A shares to be issued by Truly Shanwei will be subject to the market conditions and the relevant rules and regulations of the CSRC as amended from time to time. It is expected that immediately upon completion of the Proposed Spin-off, the Company will indirectly control approximately 69.15% to 72.61% of shareholding interest in Truly Shanwei, and therefore Truly Shanwei will remain as a non-wholly-owned subsidiary of the Company.

Below sets out simplified corporate structure of Truly Shanwei immediately before completion of the Proposed Spin-off:

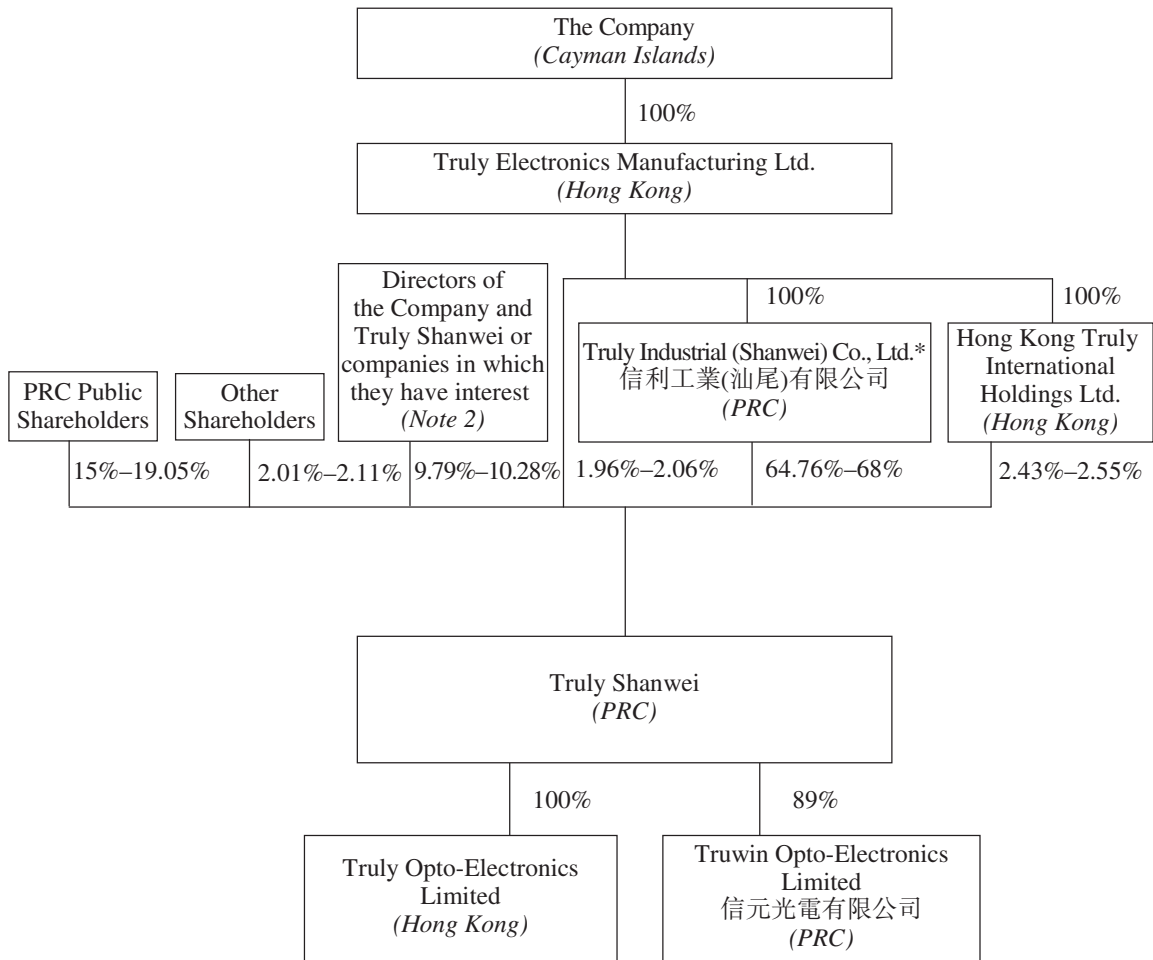


Note 1:

Such interest includes:

Shareholder of Truly Shanwei	Approximate shareholding percentage in Truly Shanwei
Mr. Lam Wai Wah, the Chairman	0.1904%
Mr. Wong Pong Chun, James, an executive Director	0.7618%
Mr. Chenug Tat Sang, an executive Director	0.1904%
Lhasa Development Zone Jianyuan Investment Management Co., Ltd. (拉薩開發區建源投資管理有限公司), which is 100% owned by Mr. Li Jianhua, a non-executive Director and a director of Truly Shanwei	0.1904%
Lhasa Development Zone Chenghui Investment Management Co., Ltd. (拉薩開發區程輝投資管理有限公司), which is 100% owned by Mr. Shi Peichuan, a director of Truly Shanwei	0.1904%
Lhasa Development Zone Kaiyi Investment Management Co., Ltd. (拉薩開發區凱儀投資管理有限公司), a company owned as to 81.82% by Mr. Liu Tienan, a director of Truly Shanwei	0.1165%
Lhasa Development Zone Gaoxin Investment Management Co., Ltd. (拉薩開發區高信投資管理有限公司), in which Mr. Lin Jianxiong and Mr. Lin Jinhong, both directors of Truly Shanwei, have an aggregate of 17.82% interest	1.0692%
Lhasa Economic and Technical Development Zone Anhua Hehe Investment Management Partnership (Limited Partnership) (拉薩經濟技術開發區安華和合投資管理合夥企業(有限合夥)), in which Mr. Xie Zhixiong, a director of Truly Shanwei, has 0.2012% indirect interest	5.6303%
Lhasa Economic and Technical Development Zone Huayin Investment Partnership (Limited Partnership) (拉薩經濟技術開發區華銀投資合夥企業(有限合夥)), in which Mr. Xie Zhixiong, a director of Truly Shanwei, has 0.2330% indirect interest.	3.7569%
Sub-total	12.0963%

Below sets out simplified corporate structure of Truly Shanwei immediately upon completion of the Proposed Spin-off:



Note 2:

Shareholder of Truly Shanwei	Approximate shareholding percentage in Truly Shanwei
Mr. Lam Wai Wah, the Chairman	0.15%–0.16%
Mr. Wong Pong Chun, James, an executive Director	0.62%–0.65%
Mr. Chenug Tat Sang, an executive Director	0.15%–0.16%
Lhasa Development Zone Jianyuan Investment Management Co., Ltd. (拉薩開發區建源投資管理有限公司), which is 100% owned by Mr. Li Jianhua, a non-executive Director and a director of Truly Shanwei	0.15%–0.16%
Lhasa Development Zone Chenghui Investment Management Co., Ltd. (拉薩開發區程輝投資管理有限公司), which is 100% owned by Mr. Shi Peichuan, a director of Truly Shanwei	0.15%–0.16%
Lhasa Development Zone Kaiyi Investment Management Co., Ltd. (拉薩開發區凱儀投資管理有限公司), a company owned as to 81.82% by Mr. Liu Tienan, a director of Truly Shanwei	0.10%–0.10%
Lhasa Development Zone Gaoxin Investment Management Co., Ltd. (拉薩開發區高信投資管理有限公司), in which Mr. Lin Jianxiong and Mr. Lin Jinhong, both directors of Truly Shanwei, have an aggregate of 17.82% interest	0.87%–0.91%
Lhasa Economic and Technical Development Zone Anhua Hehe Investment Management Partnership (Limited Partnership) (拉薩經濟技術開發區安華和合投資管理合夥企業(有限合夥)), in which Mr. Xie Zhixiong, a director of Truly Shanwei, has 0.2012% indirect interest	4.56%–4.79%
Lhasa Economic and Technical Development Zone Huayin Investment Partnership (Limited Partnership) (拉薩經濟技術開發區華銀投資合夥企業(有限合夥)), in which Mr. Xie Zhixiong, a director of Truly Shanwei, has 0.2330% indirect interest.	3.04%–3.19%
Sub-total	9.79%–10.28%

Proposed use of proceeds raised under the Proposed Spin-off

It is estimated, for illustrative purposes only, that the indicative offer price of Truly Shanwei will be approximately RMB28.62 to RMB30.05 per offer share. The indicative offer price is based on the estimated performance of Truly Shanwei, the view of the sponsor acting for Truly Shanwei in relation to the proposed A Share offering and the expected A share market conditions at the time of the Proposed Spin-off.

However, the offer price per A share of Truly Shanwei will be subject to market sentiment towards A share issuance of Truly Shanwei and determined by a book-building process with reference to the prices quoted by target subscribers or by other methods to be determined between Truly Shanwei and the lead underwriter.

Investors should be aware that the offer price per A share quoted above is for illustrative purposes only and is based on a number of assumptions which may have changed substantially at the time of the Proposed Spin-off. The current assumption for the estimated performance of Truly Shanwei is based on approximately 23 times Truly Shanwei's earnings excluding non-operating gains/losses per share ("P/E") for the year ended 31 December 2016, taking into account the enlarged issued share capital of Truly Shanwei under the Proposed Spin-off. The adoption of a P/E of approximately 23 times is generally similar to the P/E ratio implied by the offer price of companies listed in the PRC in 2017 at their initial public offering. However, Truly Shanwei incurred a loss for the six months ended 30 June 2017 as a result of a one-off provision made for bad and doubtful debt, and this might affect market sentiment towards the A share issuance of Truly Shanwei.

The Directors consider also that it is appropriate and is in the best interests of the Company and its shareholders as a whole that the offer price per A share of Truly Shanwei shall not be less than the audited net asset value per share of Truly Shanwei as at 30 June 2017 (i.e. RMB9 per share), or such lower audited net asset value per share of Truly Shanwei before completion of the Proposed Spin-off.

The number of A shares to be offered by Truly Shanwei is expected to be between 60,000,001 and 80,000,000 A shares (assuming 15% to 19.05% of the enlarged issued share capital of Truly Shanwei will be offered under the Proposed Spin-off). On this basis, gross proceeds of approximately RMB1,800 million to RMB2,300 million are expected to be raised from the Proposed Spin-off.

The gross proceeds raised referred to above is also for illustration purposes only and the actual amount of proceeds raised, if the Proposed Spin-off is completed, will depend on the PRC domestic market conditions at the time of the Proposed Spin-off and may vary substantially from the gross proceeds estimated above.

The Company intends to re-comply with the relevant requirements for notifiable transaction in accordance with Chapter 14 of the Listing Rules if the actual gross proceeds raised from the Proposed Spin-off exceed the estimate maximum gross proceeds referred herein in such amount that the Proposed Spin-off constitutes a very substantial disposal of the Company.

Truly Shanwei intends to apply the net proceeds (after deducting the expenses in connection with the Proposed Spin-off) for investment of the following eight projects based on their importance and urgency in the following manner:

Project name	Application of the products under the projects, or intended usage of the research and development centre	Approximate percentage of use of proceeds	Estimate total investment for the project (RMB)	Approximate amount already invested as at 30 September 2017 (RMB)
1 Biometric system (生物識別系統)	Fingerprint identification modules and iris recognition modules for smart terminals	20%–43%	438,680,000	258,970,000
2 In-vehicle integration touch module (車載集成觸控模組)	Automotive integrated touch modules	11%–19%	233,000,000	80,760,000
3 Construction of opto-electronics research and development centre (光電研發中心建設)	To carry out testing and research and development on new products, new technologies and new techniques	1%–7%	297,800,000	30,030,000
4 MEMS micro-electrical device for mobile terminal (用於移動終端的MEMS微機電器件)	Voice coil motors for compact camera modules, speaker motors and linear vibration motors for smart terminals	6%–12%	531,000,000	38,580,000
5 Automobile driver intelligence assistance system (汽車駕駛智能輔助系統)	Ethernet camera modules, reverse parking smart rearview system, 360 degree panoramic parking imaging system, lane departure warning systems, night vision assistance system	1%–4%	345,700,000	0
6 2.5D tempered protective glass (2.5D強化保護玻璃)	2.5D tempered glass for smart terminals	16%–31%	350,000,000	0
7 Curve touch panel (曲面觸控屏)	Curved touch screen for smart terminals	1%–5%	258,000,000	0
8 3D tempered protective glass (3D強化保護玻璃)	3D tempered glass for smart terminals	1%–27%	595,000,000	0
Total:			<u>3,049,180,000</u>	<u>408,340,000</u>

In order to seize the market opportunities and facilitate the completion of the above eight projects as soon as possible, Truly Shanwei will invest in some of the construction of these projects through its internally generated funds and/or other funds legally available for such purposes, and then use the net proceeds raised from the Proposed Spin-off to replenish such funds which were applied by Truly Shanwei for these projects.

The completion of the above eight projects are not dependent on the Proposed Spin-off. Given it is expected that the actual amount of the net proceeds raised from the Proposed Spin-off will be less than the total investment amount for these projects, Truly Shanwei will use internally generated funds and/or other funds legally available for such purposes (e.g. bank loan and/or other equity/debt financing) to bridge the difference. If the actual amount of the net proceeds raised from the Proposed Spin-off exceeds the total investment amount for these projects, Truly Shanwei will use the surplus to supplement its working capital.

FINANCIAL EFFECTS OF THE PROPOSED SPIN-OFF ON THE GROUP

Truly Shanwei will continue to be a non-wholly-owned subsidiary of the Company upon the completion of the Proposed Spin-off. Accordingly, the operating results of Truly Shanwei will continue to be consolidated into the financial statements of the Company. The following is the expected financial impact of the Proposed Spin-off on the Group:

Earnings

The Proposed Spin-off will be regarded as a transaction with non-controlling interest, the carrying amount of the non-controlling interest will be adjusted to reflect the proportionate change in the non-controlling interest in Truly Shanwei. It is expected that there would be no expected gain or loss on the deemed disposal credited to the Company's consolidated income statement as gain or loss upon the completion of the Proposed Spin-off in accordance with HKFRS 10. The difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration received will be recorded in equity attributed to the Shareholders. In addition, as the proportion of the Company's shareholding in Truly Shanwei will be diluted to the range of 69.15% to 72.61% immediately after the completion of the Proposed Spin-off, it is expected that the earnings attributable to owners of the Company contributed by Truly Shanwei will decrease while the earnings attributable to non-controlling interests of the Company will increase.

Assets and Liabilities

The Proposed Spin-off will increase the number of shares of Truly Shanwei and raise corresponding funds. The net proceeds of the Proposed Spin-off will increase the cash recorded in the consolidated balance sheet of the Group and increase the total assets of the Group correspondingly. The Proposed Spin-off will not affect the liabilities of the Group. However, the Proposed Spin-off will raise funds and further improve the structure of the Group's assets and liabilities.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board considered that the Proposed Spin-off is in the best interest of the Company and its shareholders as a whole because it would enable the market to better appraise and assess the value of the Group and Truly Shanwei more effectively, and provide a separate fund raising platform for Truly Shanwei, which will facilitate the development of the Group as well as Truly Shanwei in the long run.

INFORMATION ON THE GROUP

The Group is primarily engaged in the business of, among other things, manufacturing and sales of liquid crystal display products and electronic consumer products including compact camera module, personal health care products and electrical devices.

INFORMATION ON TRULY SHANWEI

Truly Shanwei is a company incorporated in the PRC and is an indirect non-wholly owned subsidiary of the Company. It is primarily engaged in the business of manufacturing of compact camera module and touch products.

For the three years ended 31 December 2016 and six months ended 30 June 2017, extract of key items from the audited consolidated accounts of Truly Shanwei based on the New Accounting Standards for Business Enterprises of the PRC (中國企業新會計準則) respectively are as follows:

	Financial year ended 31 December			Six months ended
	2014	2015	2016	30 June 2017
	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	10,352,492	9,871,238	14,572,017	7,555,002
Net profit (loss) attributable to owners	770,298	464,415	524,097	(104,583)
Total assets	8,367,860	8,684,357	12,742,200	11,242,056
Total liabilities	5,647,230	5,455,789	8,981,438	8,098,403
Net assets value	2,720,629	3,228,568	3,760,762	3,143,653

Turnover of Truly Shanwei

Turnover from principal operations is mainly derived from the sales of integrated touch modules, touch screens, compact camera modules and fingerprint identification modules, etc. Turnover from other operations mainly includes the sales of materials. Turnover from principal operations accounted for approximately 99% of turnover.

In 2015, as the development of smartphone technology gradually slowed down, the competition became more intense in downstream industries, resulting in price reduction of the products in upstream industries. As a result, the competition in touch screen and compact camera modules markets further intensified. Turnover in 2015 decreased by approximately RMB481,254,000 compared to that of 2014, representing a slight decrease of approximately 4.65%.

In 2016, the demand in domestic smartphone market grew steadily as the market share of domestic smartphone brands in global market gradually increased. The global smartphone supply chain continued to rely on the manufacturers in Mainland China, therefore the concentration in touch screen industry was strengthened. Truly Shanwei fully strengthen its advantages in technology and management by vigorously expanding its market share and its business scale, actively developing the fingerprint identification module and other industrial

chain related products business. Turnover in 2016 increased by approximately RMB4,700,779,000 compared to that of 2015, representing a substantial increase of approximately 47.62%.

Net profit/(loss) attributable to owners of Truly Shanwei

As a result of the industry characteristics and the intensified market competition in recent years, the selling price of integrated touch module products fell sharply in 2015. Although the sales volume of product increased, the operating profit margin still decreased in 2015. Therefore, net profit attributable to owners of Truly Shanwei in 2015 was significantly decreased by approximately 40% when compared to 2014. In 2016, as the market competition became steady and the selling price of the integrated touch module products decreased at a slower pace than that of 2015, Truly Shanwei grasped the market development and industry consolidation opportunities to expand its business scale, resulting in a slightly improvement on net profit attributable to owners of Truly Shanwei in 2016 by approximately 13%.

The main reason for the loss in the first half of 2017

As of 30 June 2017, the overdue trade receivable — Lemobile Information Technology (Beijing) Co., Ltd. (“**Lemobile**”) of a subsidiary of Truly Shanwei amounted to approximately USD71,034,500. There is a material risk of provision for bad and doubtful debt against this overdue amount from Lemobile due to its deteriorating financial status. After considering the estimated recoverable amount of approximately USD18,000,000 of the insurance compensation from a credit insurance company, the net effect of the provision for bad and doubtful debt on Truly Shanwei’s income statement for the period was approximately USD53,034,500.

Financial independence of the Newco Group

Currently, the Newco Group and the Remaining Group share the facility limits for certain general banking facilities granted by the banks which are guaranteed by the Remaining Group.

The Company has obtained firm offers from the banks to have the corporate guarantee provided by the Remaining Group released and replaced by corporate guarantee of Truly Shanwei, and the Company targets to complete the release and replacement procedures within one to two months after the listing of Truly Shanwei on the Shenzhen Stock Exchange.

The Company will publish a further update announcement when the guarantees are released after listing of Truly Shanwei.

INFORMATION ON THE REMAINING GROUP

Upon completion of the Proposed Spin-off, the Remaining Group will continue to be primarily engaged in the business of manufacturing and sales of liquid crystal display products and electronic consumer products including personal health care products and electrical devices.

The following table sets out the key information on the business to be carried by the Remaining Group:

- | | |
|---------------------|---|
| (a) Business model | Manufacturing and distribution of owned manufactured products to manufacturers of mobile handsets, automotive and industrial products based in the PRC, USA, European and Asian countries |
| (b) Key products | <ol style="list-style-type: none">(1) LCD display modules without touch function — stands for Liquid-Crystal Display (LCD) module, a glass plate combined with other electronic components, and used to illustrate information including texts and pictures(2) Personal health care products — electronic products relating to well-being and health of individuals(3) Other electronic products — mainly include electronic calculators and printed circuit boards (PCB) |
| (c) Major customers | <p>Each of the top five customers for the year ended 31 December 2016 and for the six months ended 30 June 2017 is independent from and not a connected person of the Company, its directors, substantial shareholders and their respective associates, and include:</p> <ol style="list-style-type: none">1. electronic components supplier for the manufacturing of display modules2. Global vehicles high technology products manufacturer3. PRC communication devices (including mobile handsets) manufacturer4. high technology products manufacturer (including mobile handsets)5. electronics components distributor |

- (d) Major suppliers Each of the top five suppliers for the year ended 31 December 2016 and for the six months ended 30 June 2017 is independent from and not a connected person of the Company, its directors, substantial shareholders and their respective associates, and include:
1. electronic components supplier for the manufacturing of display modules
 2. color filter supplier for the manufacturing of display modules
 3. TFT LCD component supplier for the manufacturing of LCD modules
 4. TFT LCD component supplier for the manufacturing of display modules
 5. backlight component supplier for the manufacturing of LCD modules
 6. IC supplier for the manufacturing of display modules)
- (e) Major production facilities Major production facilities are located in Shanwei city, Guangdong Province, PRC and owned by the Remaining Group, except for a property with a gross floor area of 7,298 sq. m. (representing approximately 2.8% of the total area of the production facilities used by the Remaining Group as at 30 June 2017) was leased from Truly Shanwei since April 2013. As such property has been used by the Remaining Group for a significant period of time and to avoid unnecessary business disruption, the Board considers it is not commercially feasible to disassemble and relocate the same, and considers continuing to lease such property from Truly Shanwei at market rate is appropriate.

CONDITIONS OF THE PROPOSED SPIN-OFF

The Proposed Spin-off will be conditional upon, among other things, the following:

- approval by the Shareholders in relation to the Proposed Spin-off at the EGM;
- approval by the CSRC and the Shenzhen Stock Exchange in relation to the Proposed Spin-off; and

- any other PRC regulatory approvals for the listing of and permission to deal in the A shares to be issued by Truly Shanwei.

If any of the above conditions is not fulfilled, the Proposed Spin-off will not proceed and an announcement will be published by the Company as soon as practicable.

APPLICATION TO CSRC AND THE HONG KONG STOCK EXCHANGE

Truly Shanwei has submitted its application with the CSRC for a separate listing of its shares by way of A Shares listing on the Shenzhen Stock Exchange and CSRC has accepted the said application on 21 March 2016. Such application is still pending the approval from CSRC. Taking into account of the normal vetting process of the PRC regulators, the Directors expect that the Proposed Spin-off may take place by 2018.

The Company has submitted a proposal in relation to the Proposed Spin-off to the Hong Kong Stock Exchange for approval pursuant to Practice Note 15 of the Listing Rules, and the Hong Kong Stock Exchange confirmed that the Company may proceed with the Proposed Spin-off and also granted a waiver from strict compliance with the applicable requirements in relation to the assured entitlement under paragraph 3(f) of Practice Note 15 of the Listing Rules.

ASSURED ENTITLEMENT

Pursuant to paragraph 3(f) of Practice Note 15 of the Listing Rules, the Board is required to give due regard to the interests of the existing Shareholders of the Company by providing the Shareholders with an assured entitlement to the A shares of Truly Shanwei. After due and careful consideration of the Proposed Spin-off and having taken into account the advice from the Company's PRC legal counsel, the Board has resolved not to provide assured entitlement to the Shareholders under the Proposed Spin-off for the following reasons:

- (a) in connection with the Proposed Spin-off, it is currently intended that Truly Shanwei will issue new A shares in the PRC;
- (b) as advised by the PRC legal advisers of Truly Shanwei, non-PRC investors (other than certain qualified investors) would not be permitted to subscribe for the new A shares of Truly Shanwei under the Proposed Spin-off under the PRC laws and regulations;
- (c) as a substantial number of existing shareholders of the Company are considered as non-PRC citizens, there is a legal impediment for the Company to provide its shareholders with an assured entitlement to A shares of Truly Shanwei under the Proposed Spin-off; and
- (d) it would be burdensome for the Company to propose a resolution in general meeting to waive the assured entitlement as the legal restriction could not be overridden even if the resolution was voted down by its shareholders.

Based on the foregoing, the board of directors of the Company confirmed to the Company that, the Proposed Spin-off and the waiver in respect of the assured entitlement requirement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

In connection with the Proposed Spin-off, it is proposed that Truly Shanwei will issue new shares, and the proposed issue of new shares of Truly Shanwei will result in a reduction of the Company's equity interest in Truly Shanwei, and if materialized, the Proposed Spin-off will constitute a deemed disposal of the Company's equity interest in Truly Shanwei under Rule 14.29 of the Listing Rules.

Based on the market capitalization of the Company as at the date of this announcement, certain percentage ratio for the deemed disposal of the Company's equity interest in Truly Shanwei is more than 25% but less than 75% and the Company expects that, if there is no material change in the market capitalization of the Company, the Proposed Spin-off constitutes a major transaction of the Company, and is subject to reporting, announcement, circular and shareholders' approval requirements under paragraph 3(e)(1) of Practice Note 15 and Chapter 14 of the Listing Rules.

The Company intends to re-comply with the relevant requirements for notifiable transaction in accordance with Chapter 14 of the Listing Rules if the actual gross proceeds raised from the Proposed Spin-off exceed the estimate maximum gross proceeds referred herein in such amount that the Proposed Spin-off constitutes a very substantial disposal of the Company.

EGM

The Company will seek approval at the EGM for the Proposed Spin-off. As far as the Directors are aware, none of the Shareholders has a material interest in the Proposed Spin-off which is different from those of other Shareholders. As such, no Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Proposed Spin-off at the EGM.

A circular including among other things, (1) information on the Proposed Spin-off and the waiver application in respect of the assured entitlement; (2) the financial information of Truly Shanwei; (3) the unaudited financial information of the Remaining Group; (4) the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser regarding the Proposed Spin-off; and (5) a notice of the EGM, will be despatched to the Shareholders on or around 8 November 2017.

Shareholders and potential investors of the Company should note that the Proposed Spin-off will be subject to, among other things, obtaining all applicable regulatory approvals from the CSRC and suitable market conditions, thus may or may not materialize. Accordingly, Shareholders and public investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS AND GLOSSARIES

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“A share(s)”	domestic share(s) issued by companies and listed on a stock exchange in the PRC
“Board”	the board of Directors
“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 Hong Kong Stock Exchange
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Proposed Spin-off
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region
“Independent Board Committee”	an independent board committee of the Board, comprising all the independent non-executive Directors, established to advise the Shareholders on the Proposed Spin-off
“Independent Financial Adviser”	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 Shareholders on the Proposed Spin-off
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Newco Group”	collectively, Truly Shanwei and its subsidiaries

“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Proposed Spin-off”	the proposed spin-off and separate listing of Truly Shanwei on the Shenzhen Stock Exchange by way of issuance of new shares of Truly Shanwei
“Remaining Group”	the Group, excluding the Newco Group
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company from time to time
“Truly Shanwei”	Truly Opto-Electronics Limited (信利光電股份有限公司), a company incorporated in the PRC and an indirect non wholly owned subsidiary of the Company in which the Company indirectly controls approximately 85.42% of its shareholding interest as at the date of this announcement
“%”	per cent.

* *Terms marked with “*” denote translation of company names from Chinese into English, and are for identification purposes only. In the event of inconsistency, the names in their original language prevail.*

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

Hong Kong, 6 November 2017

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