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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)**

**MAJOR TRANSACTION  
FORMATION OF A JOINT VENTURE COMPANY**

**FORMATION OF A JOINT VENTURE COMPANY**

The Board is pleased to announce that on 14 March 2017, Truly Electronics, an indirectly wholly-owned subsidiary of the Company, entered into the MOU with Shucheng County People's Government and China Fortune Land in relation to the formation of the JV Company in Shucheng County, Lu'an City, An Hui Province in the PRC. Truly Electronics also entered into the Ancillary Agreements with Shucheng County People's Government (舒城縣人民政府), the relevant Administration Committee of the Development Zone, China Fortune Land and/or their respective wholly-owned subsidiary (where applicable) to set out more specific details of the obligations of relevant parties in connection with the MOU.

The total investment of the JV Company will be RMB11,000 million and the JV Company will be primarily engaged in research and development, production and sale of TFT-LCD display products, including the construction of the 5th generation TFT-LCD production line.

The registered capital of the JV Company will be RMB6,500 million and Truly Electronics will contribute RMB500 million by cash, representing approximately 7.6923% of the total equity interest of the JV Company. Shucheng County People's Government and China Fortune Land and their respective wholly-owned subsidiaries will contribute or procure other designated entities, fund or banks to contribute the remaining registered capital of the JV Company. Truly Electronics will purchase the JV Equity Interest from the JV Shareholders progressively starting from five years after full production of the 5th generation TFT-LCD production line with purchase timing and amount to be determined by separate definitive agreement to be entered into.

## LISTING RULES IMPLICATIONS

As certain applicable percentage ratios for the formation of JV Company and purchase of the JV Equity Interest in aggregate are more than 25% but less than 100%, the transactions under the MOU (including the Ancillary Agreements) constitutes a major transaction of the Company under the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

### EGM

The Company will hold the EGM to approve the MOU (including the Ancillary Agreements) and the transactions thereunder. A circular containing, among other things, further details of the MOU (including the Ancillary Agreements) and the transactions thereunder and the notice convening the EGM, is expected to be despatched to the Shareholders on or before 31 March 2017.

**Shareholders of the Company and potential investors should note that the MOU and the Ancillary Agreements will become effective and legally binding on the parties upon fulfilment (or waiver) of certain conditions, including announcement by the Company on the Stock Exchange, announcement by China Fortune Land on the Shanghai Stock Exchange, the shareholders of the Company/China Fortune Land and/or the directors of the Company/China Fortune Land, as the case maybe, and may or may not materialise. As such, the transactions under the MOU (including the Ancillary Agreements) may or may not proceed. Accordingly, Shareholders of the Company and/or investors are advised to exercise caution when dealing in the Company's securities.**

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Below set out the principal terms of the MOU and the Investment Agreement:

Date:	14 March 2017
Parties to the MOU:	(1) Truly Electronics (2) Shucheng County People's Government (3) China Fortune Land
Parties to the Investment Agreement:	(1) Truly Electronics (2) a wholly-owned subsidiary of Shucheng County People's Government (3) a wholly-owned subsidiary of China Fortune Land

Roles of parties to MOU/ Investment Agreement:	Shucheng County People’s Government and China Fortune Land and their respective wholly-owned subsidiaries will help co-ordinate the relevant regulatory approval process and implement support fund.
	Truly Electronics will be responsible for providing the relevant technical supports, management systems and professional personnel for the operation of the JV Company.
Registered capital of the JV Company:	The registered capital of the JV Company will be RMB6,500 million and Truly Electronics will contribute RMB500 million by cash, representing approximately 7.6923% of the total equity interest of the JV Company. Shucheng County People’s Government and China Fortune Land and their respective wholly-owned subsidiaries will contribute or procure other designated entities, fund or banks to contribute the remaining registered capital of the JV Company.
	Truly Electronics will purchase the JV Equity Interest from the JV Shareholders progressively starting from five years after full production of the 5th generation TFT-LCD production line with purchase timing and amount to be determined by separate definitive agreement to be entered into.
Payment of registered capital:	The JV Shareholders will, based on the funding requirement of the JV Company, pay their respective contribution of registered capital by instalments with a minimum of registered capital of RMB500 million to be contributed to the JV Company before April 2017.
	Truly Electronics will satisfy its capital commitment in the JV Company by internally generated funds and bank loans.
	The capital commitment in the JV Company by Truly Electronics is determined based on arm’s length negotiations between the parties to the MOU/Investment Agreement.
Total investment and business of the JV Company:	The total investment of the JV Company will be RMB11,000 million and the JV Company will be primarily engaged in research and development, production and sale of TFT-LCD display products, including the construction of the 5th generation TFT-LCD production line.
Voting rights of JV Shareholders:	Truly Electronics shall be entitled to exercise two-third or above voting rights of JV Shareholders (except for major matters) with details to be agreed in the articles of association of the JV Company.

In connection with the MOU, Truly Electronics also entered into other Ancillary Agreements with Shucheng County People's Government (舒城县人民政府), the relevant Administration Committee of the Development Zone, China Fortune Land and/or their respective wholly-owned subsidiary (where applicable), pursuant to which, among other things, (i) Truly Electronics will procure the performance of the JV Company in relation to construction timetable of the production line, product capacity of the production line, payment of land consideration with estimated value of RMB72 million (actual value to be determined by tender) and related tax payment and expenses, investment amount of the JV Company; (ii) a wholly-owned subsidiary of China Fortune Land will procure land as construction site of the production line; and (iii) Shucheng County People's Government and its related entity will provide subsidies to the operation of the JV Company and co-ordinate the relevant regulatory approval process, as the case maybe.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MOU**

The establishment of the JV Company will enable the Group to enhance its own production capacities for supplying TFT-LCD display products to satisfy the demand from the Group's customers.

Accordingly, the Board considers that it is in the interests of the Group to enter into the MOU, the Ancillary Agreements and transactions contemplated thereunder. The Directors, including the independent non-executive Directors, consider that the MOU and the Ancillary Agreements have been entered into on normal commercial terms and the terms of the MOU and the Ancillary Agreements are fair and reasonable and in the interests of the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

Truly Electronics is principally engaged in the business of manufacture and sale of electronic consumer products.

Shucheng County People's Government is the People's Government of Shucheng County in the PRC. The relevant Administration Committee of the Development Zone is an agency under the Shucheng County People's Government.

China Fortune Land is a company incorporated in the PRC whose shares are listed on the Shanghai Stock Exchange. It is primarily engaged in investment activities.

To the best of the Directors' knowledge, information and having made all reasonable enquiry, Shucheng County People's Government and China Fortune Land their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## **LISTING RULES IMPLICATIONS**

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**Shareholders of the Company and potential investors should note that the MOU and the Ancillary Agreements will become effective and legally binding on the parties upon fulfilment (or waiver) of certain conditions, including announcement by the Company on the Stock Exchange, announcement by China Fortune Land on the Shanghai Stock Exchange, the shareholders of the Company/China Fortune Land and/or the directors of the Company/China Fortune Land, as the case maybe, and may or may not materialise. As such, the transactions under the MOU may or may not proceed. Accordingly, Shareholders of the Company and/or investors are advised to exercise caution when dealing in the Company's securities.**

## DEFINITIONS

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

“Ancillary Agreements”	collectively, the Investment Agreement and other ancillary agreements dated 14 March 2017 entered into by Truly Electronics with Shucheng County People's Government (舒城縣人民政府), the relevant Administration Committee of the Development Zone (經濟開發區管委會), China Fortune Land and/or their respective wholly-owned subsidiary (where applicable) in relation to the formation of the JV Company
“Board”	the board of Directors of the Company
“China Fortune Land”	China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司), a company incorporated in the PRC and whose shares are listed on Shanghai Stock Exchange
“Company”	Truly International Holdings Limited (信利國際有限公司), a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“connected Person”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Investment Agreement”	an investment agreement dated 14 March 2017 entered into by Truly Electronics with a wholly-owned subsidiary of Shucheng County People’s Government (舒城縣人民政府) and a wholly-owned subsidiary of China Fortune Land in relation to the formation of the JV Company
“JV Company”	a limited liability company to be jointly formed in the PRC pursuant to the MOU and the Investment Agreement
“JV Equity Interest”	equity interest in the JV Company held by the JV Shareholders
“JV Shareholder(s)”	shareholder(s) of the JV Company from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MOU”	Co-operation memorandum of understanding (合作備忘錄) dated 14 March 2017 entered into by Truly Electronics, Shucheng County People’s Government (舒城縣人民政府) and China Fortune Land
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 2 of the Companies Ordinance
“Truly Electronics”	Truly Electronics Manufacturing Limited (信利電子有限公司), a company incorporated in the PRC, an indirectly wholly owned subsidiary of the Company
“%”	Percent

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

Hong Kong, 14 March 2017

*As at the date of this announcements, 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.*