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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)**

**DISCLOSEABLE TRANSACTION  
DEEMED DISPOSAL OF SHAREHOLDING INTEREST IN A SUBSIDIARY**

**INTRODUCTION**

Reference is made to the announcements of the Company dated 31 May 2019 and 4 June 2019 in relation to the deemed disposal of the shareholding interests of the Company in Truly Opto, an indirect non wholly-owned subsidiary of the Company. On 31 May 2019, Truly Opto issued 19,919,192 new shares to Guangdong Yueke at the consideration of RMB290 million pursuant to the First Equity Investment Agreement, and accordingly the shareholding interests of the Company in Truly Opto decreased from approximately 85.42% to approximately 80.70%.

**SECOND EQUITY INVESTMENT AGREEMENT**

On 24 October 2019 (after trading hours), Truly Opto entered into the Second Equity Investment Agreement with the Investor, pursuant to which the Investor agreed to subscribe for, and Truly Opto agreed to issue, the New Shares at the consideration of RMB120 million. After the Second Equity Investment, Truly Opto will remain as an indirect non wholly-owned subsidiary of the Company and will be owned as to approximately 78.76% by wholly-owned subsidiaries of the Company, as to approximately 2.40% by the Investor, as to approximately 10.71% by directors of the Company and Truly Opto or companies in which they have interest, and as to approximately 8.13% by other shareholders (including Guangdong Yueke) who are independent third parties of the Company.

**LISTING RULE IMPLICATIONS**

After the Second Equity Investment, the shareholding interests of the Company in Truly Opto will be decreased from approximately 80.70% to approximately 78.76%. As such, the entering into of the Second Equity Investment Agreement and the transactions contemplated thereunder will constitute a deemed disposal under Chapter 14 of the Listing Rules.

Since (1) the Second Equity Investment Agreement was entered into within 12 months from the completion of the First Equity Investment Agreement, and (2) both the First Equity Investment Agreement and the Second Equity Investment Agreement involve the deemed disposal of the shareholding interests of the Company in Truly Opto, and therefore, the transactions under the First Equity Investment Agreement and the Second Equity Investment Agreement shall be aggregated pursuant to Rule 14.23 of the Listing Rules.

As one or more of the relevant applicable percentage ratios stipulated under Chapter 14 of the Listing Rules in relation to the First Equity Investment Agreement and the Second Equity Investment Agreement, as aggregated, are more than 5% but less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and will be subject to notification and announcement requirements under the Listing Rules.

## **INTRODUCTION**

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## **SECOND EQUITY INVESTMENT AGREEMENT**

Set out below are the principal terms of the Second Equity Investment Agreement:

### **Date:**

24 October 2019 (after trading hours)

### **Parties:**

Investor	Meishan Xingxin Zhenxing Electronic Information Industrial Equity Investment Center (Limited Partnership)* (眉山市興新振興電子信息產業股權投資中心(有限合夥)), a limited partnership organized and existing under the laws of the PRC
Issuer	Truly Opto, namely, Truly Opto-Electronics Limited* (信利光電股份有限公司), an indirect non wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Investor and its ultimate beneficial owner(s) are independent third parties of the Company.

### **Nature of the transaction and assets deemed to be disposed of**

Pursuant to the Second Equity Investment Agreement, the Investor agreed to subscribe for, and Truly Opto agreed to issue, the New Shares, representing approximately 2.40% of the enlarged registered capital of Truly Opto after the Second Equity Investment.

There is no restriction on any subsequent sale of the New Shares.

### **Consideration**

The consideration for the subscription of the New Shares is RMB120 million, which shall be paid in cash upon fulfillment of all condition precedents (which may be waived in whole or in part by the Investor at its sole discretion) and within fifteen (15) business days from the date on which Truly Opto issues the payment notice to the Investor.

The consideration for the subscription of the New Shares was arrived at after arm's length negotiations and with reference to financial performance of Truly Opto and its business prospect.

### **Approval and filling**

Truly Opto shall obtain the approval of the Second Equity Investment from its board and shareholders within thirty (30) days from the date of signing the Second Equity Investment Agreement, and shall obtain all approvals and licenses and complete all filings, procedures and formalities with respect to the Second Equity Investment, including but not limited to the filing of the amended articles of association of Truly Opto with relevant government authorities, within thirty (30) days from the date of receiving the consideration.

After the Second Equity Investment, Truly Opto will remain as an indirect non wholly-owned subsidiary of the Company and will be owned as to approximately 78.76% by wholly-owned subsidiaries of the Company, as to approximately 2.40% by the Investor, as to approximately 10.71% by directors of the Company and Truly Opto or companies in which they have interest, and as to approximately 8.13% by other shareholders (including Guangdong Yueke) who are independent third parties of the Company.

### **Conditions precedent**

The Investor's payment of the consideration is subject to the fulfillment of, among others, the following conditions (which may be waived in whole or in part by the Investor at its sole discretion):

- (i) the approvals by the board of directors and shareholders of Truly Opto in connection with the Second Equity Investment having been obtained;
- (ii) all the warranties in the Second Equity Investment Agreement being true, accurate and complete in all material aspect when made and upon the date of the Second Equity Investment Agreement;

(iii) any material issue discovered during the due diligence on Truly Opto has been resolved, or the Investor being satisfied with the solution of such material issue.

The Second Equity Investment Agreement may be terminated if, among others, the conditions precedent have not been fulfilled or waived by the Investor within thirty (30) days from the signing date of the Second Equity Investment Agreement.

### **Subsequent issue of shares**

The subscription price of any shares to be subsequently issued prior to the completion of the proposed listing of Truly Opto shall not be lower than (i) net asset value per share as stated in its quarterly audited accounts immediately prior to such issuance; and (ii) if without the prior written consent of the Investor, the price per share under the Second Equity Investment (subject to adjustment in the event of any distribution of dividends or issuance of shares or bonus shares).

### **Nomination of a director observer**

The Investor shall have the right to nominate one director observer of Truly Opto.

## **INFORMATION ON THE GROUP, THE INVESTOR AND TRULY OPTO**

### **The Group**

The Group is primarily engaged in the business of, among other things, manufacturing and sales 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.

### **The Investor**

Meishan Xingxin Zhenxing Electronic Information Industrial Equity Investment Center (Limited Partnership)\* (眉山市興新振興電子信息產業股權投資中心(有限合夥)), a limited partnership organized and existing under the laws of the PRC, which was invested by Renshou Industrial Investment Co., Ltd.\* (仁壽縣產業投資有限公司), Sichuan Development Equity Investment Fund Management Co. Ltd.\* (四川發展股權投資基金管理有限公司) and Sichuan Xingchuan Key Project Equity Investment Fund Management Co., Ltd.\* (四川興川重點項目股權投資基金管理有限公司). The managing partner (執行事務合夥人) of the Investor is Sichuan Xingchuan Key Project Equity Investment Fund Management Co., Ltd.\* (四川興川重點項目股權投資基金管理有限公司). Sichuan Development Equity Investment Fund Management Co., Ltd.\* (四川發展股權投資基金管理有限公司) is operated together with Sichuan Industrial Zhenxing Development Investment Fund Co., Ltd.\* (四川產業振興發展投資基金有限公司), under the operating system of “one institution with two names, cooperation in business (一個機構、兩塊牌子、合署辦公)”. Sichuan Industrial Zhenxing Development Investment Fund Co., Ltd. is a provincial large-scale mainstay enterprise and a state-level industrial investment fund directly belonging to Sichuan provincial government, which is operated with the licenses officially granted by Sichuan provincial committee and Sichuan provincial government and is supervised by the State-owned Assets Supervision and Administration Commission of Sichuan Province (四川省國有資產監督管理委員會).

As at the date of this announcement, the Investor is primarily engaged in the equity investment and related advisory services.

## **Truly Opto**

Truly Opto 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 touch products, compact camera module and fingerprint identification modules.

For the two years ended 31 December 2017 and 2018, extract of key items from the audited consolidated accounts of Truly Opto prepared by its PRC auditors based on the generally accepted accounting principles in the PRC are as follows:

	<b>For the year ended 31 December 2018 <i>RMB'000</i></b>	<b>For the year ended 31 December 2017 <i>RMB'000</i></b>
Profit before taxation	437,987	267,106
Profit after taxation	388,111	240,055
Total assets	10,810,890	10,641,505
Net assets value	3,655,059	3,220,127

## **FINANCIAL EFFECT OF THE DEEMED DISPOSAL OF THE GROUP**

After the Deemed Disposal, the shareholding interests of the Company in Truly Opto will decrease from approximately 80.70% to approximately 78.76%. Nonetheless, Truly Opto will remain as an indirect non wholly-owned subsidiary of the Company and its financial results, assets, liabilities and cash flows will continue to be consolidated in the Company's consolidated financial statements. As the Deemed Disposal will not result in the Company's loss of control over Truly Opto, the Deemed Disposal will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in the Company's consolidated statement of profit or loss and other comprehensive income.

## **REASONS FOR ENTERING INTO THE SECOND EQUITY INVESTMENT AGREEMENT**

The proceeds from the issue of the New Shares are intended to be used to satisfy the general working capital needs in the operation of the main business of Truly Opto. The Company believes that the Second Equity Investment would provide an additional source of funding for the general working capital of Truly Opto to develop its existing business.

The Directors are of the view that the terms of the Second Equity Investment Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LISTING RULE IMPLICATIONS

After the Second Equity Investment, the shareholding interests of the Company in Truly Opto will be decreased from approximately 80.70% to approximately 78.76%. As such, the entering into of the Second Equity Investment Agreement and the transactions contemplated thereunder will constitute a deemed disposal under Chapter 14 of the Listing Rules.

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## TERMS USED IN THIS ANNOUNCEMENT

“Board”	the board of directors of the Company
“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
“Deemed Disposal”	the reduction of the Company’s indirect shareholding interests in Truly Opto from 80.70% to 78.76% after the Second Equity Investment
“Director(s)”	the director(s) of the Company
“First Equity Investment Agreement”	the equity investment agreement entered into by and between Truly Opto and Guangdong Yueke dated 31 May 2019
“Guangdong Yueke”	Guangdong Yueke Caixin Venture Capital Partnership (Limited Partnership)* (廣東粵科財信創業投資合夥企業(有限合夥)), a limited partnership organized and existing under the laws of the PRC and the investor which subscribed for 19,919,192 new shares in Truly Opto under First the Equity Investment Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Investor”	Meishan Xingxin Zhenxing Electronic Information Industrial Equity Investment Center (Limited Partnership)* (眉山市興新振興電子信息產業股權投資中心(有限合夥)), a limited partnership organized and existing under the laws of the PRC, the managing partner (執行事務合夥人) of which is Sichuan Xingchuan Key Project Equity Investment Fund Management Co., Ltd.* (四川興川重點項目股權投資基金管理有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“New Shares”	8,850,210 new shares in Truly Opto to be issued to the Investor pursuant to the Second Equity Investment Agreement
“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
“Second Equity Investment”	the transactions contemplated under the Second Equity Investment Agreement
“Second Equity Investment Agreement”	the equity investment agreement entered into by and between Truly Opto and the Investor dated 24 October 2019
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of the Company

“Truly Opto”

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 80.70% 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, 24 October 2019

*As at the date of this announcement, the Board comprises Mr. Lam Wai Wah, Mr. Wong Pong Chun, James, Mr. Ma Wai Tong, Mr. Song Bei Bei, Mr. Dai Cheng Yun, and Mr. Cheung Wing Cheung as executive directors, and Mr. Chung Kam Kwong, Mr. Ip Cho Ting, Spencer, and Mr. Heung Kai Sing as independent non-executive directors.*